

PRIME COMMERCIAL BANK LIMITED

Disclosures under BASEL III as at 2077.06.30

Amount in NPR

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

Core Capital (Tier 1)	Amount (Rs.)
Paid up Equity Share Capital	13,985,249,504
Statutory General Reserves	3,569,128,896
Proposed Bonus Equity Shares	-
Share Premium	644,823
Retained Earnings	1,785,071,275
Un-audited current year cumulative profit	335,706,054
Capital Redemption Reserve	322,211,268
Other Free Reserve	-
Less: Fictitious Assets	-
Less: Intangible Assets	17,345,586
Less: Deferred Tax Assets	40,239,547
Less: Investment in equity in licensed Financial Institutions	60,023,000
Total Core Capital (Tier I)	19,880,403,686

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

Suplimentary Capital (Tier 2)	Amount (Rs.)
General loan loss provision	1,662,665,747
Exchange Equalisation Reserve	4,929,132
Investment Adjusment Reserve	2,131,943
Total Core Capital (Tier II)	1,669,726,822

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	17,345,586
Deferred Tax Assets	40,239,547
Investment in equity in licensed Financial Institutions	60,023,000
Total Deduction from Tier I Capital	117,608,134

5. Total Qualifying Capital:

Total Qualifying Capital	Amount
Core Capital (Tier 1)	19,880,403,686
Suplimentary Capital (Tier 2)	1,669,726,822
Total qualifying capital	21,550,130,508

6. Capital Adequacy Ratio:

Capital Adequacy Ratio	Percentage
Tier 1 Capital to Total Risk Weighted Exposures	12.99%
Tier 1 & Tier 2 Capital to Total Risk Weighted Exposures	14.08%

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

Risk Weighted Exposures	Amount
Risk weighted Exposures for Credit Risk	140,473,840,889
Risk weighted Exposures for Operational Risk	6,484,453,943
Risk weighted exposures for Market Risk	119,487,679
Total Risk Weighted Exposures (Before adjustments of Pillar II)	147,077,782,511
<i>Adjustment under Pillar II</i>	
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.	1,606,657,500
Overall risk management policies and precedures are not satisfactory. Add 3% of RWE	4,412,333,475
If desired level of disclosure requirement has not been achieved, Add% of RWE	-
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	153,096,773,486

8. Risk weighted exposure under each of 11 categories

Credit Risk	Claim	RWE
Claims on Govt. and Central Bank	24,056,750,730	-
Claims on Other Financial Entities	-	-
Claims on Banks	14,673,896,586	4,652,056,863
Claims on Corporate and Securities Firm	59,748,738,533	59,467,754,271
Claims on Regulatory Retail Portfolio	25,042,235,947	17,723,556,599
Claims on Secured by Residential Properties	8,396,187,228	5,095,579,723
Claims on Secured by Commercial Real Estate	6,461,685,777	6,461,685,777
Past due Claims	3,011,354,879	3,000,806,855
High Risk Claims	8,212,221,344	6,973,856,051
Lending against securities (bonds & shares)	3,049,228,880	3,049,228,880
Other Assets	6,650,346,789	3,124,858,735
Off Balance Sheet Items	69,291,886,101	30,924,457,134
Total	228,594,532,794	140,473,840,889

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	2,831,989,238	-	-	2,831,989,238	0%	-
Balance With Nepal Rastra Bank	7,661,229,130	-	-	7,661,229,130	0%	-
Gold	(0)	(0)	-	-	0%	-
Investment in Nepalese Government Securities	13,409,250,000	-	-	13,409,250,000	0%	-
All Claims on Government of Nepal	154,282,361	-	-	154,282,361	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 Domestic Public Sector Entities	-	-	-	-	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	6,845,819,192	-	-	6,845,819,192	20%	1,369,163,838
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)	1,561,226,292	-	-	1,561,226,292	20%	312,245,258
Claims on foreign bank (ECA Rating 2)	5,756,408,144	-	-	5,756,408,144	50%	2,878,204,072
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	462,218,474	-	-	462,218,474	20%	92,443,695
Claims on Domestic Corporates (Credit rating score equivalent to AAA)	-	-	-	-	80%	-
Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)	-	-	-	-	85%	-
Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)	-	-	-	-	90%	-
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)	8,422,863,791	-	-	8,422,863,791	100%	8,422,863,791
Claims on Domestic Corporates	51,325,874,742	-	280,984,262	51,044,890,480	100%	51,044,890,480
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)	25,042,235,947	-	1,410,827,149	23,631,408,799	75%	17,723,556,599
Claims fulfilling all criterion of regularity retail except granularity	-	-	-	-	100%	-
Claims secured by residential properties	8,075,937,119	-	-	8,075,937,119	60%	4,845,562,272
Claims not fully secured by residential properties	-	-	-	-	150%	-

Claims secured by residential properties (Overdue)	320,250,108	70,232,657	-	250,017,451	100%	250,017,451
Claims secured by Commercial real estate	6,461,685,777	-	-	6,461,685,777	100%	6,461,685,777
Past due claims (except for claims secured by residential properties)	3,011,354,879	1,010,816,976	-	2,000,537,903	150%	3,000,806,855
High Risk claims	8,212,221,344	-	3,562,983,976	4,649,237,368	150%	6,973,856,051
Lending against securities (bonds & shares)	3,049,228,880	-	-	3,049,228,880	100%	3,049,228,880
Investments in equity and other capital instruments of institutions listed in stock exchange	739,270,497	-	-	739,270,497	100%	739,270,497
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	281,816,378	-	-	281,816,378	50%	140,908,189
Interest Receivable/claim on government securities	224,644,222	224,644,222	-	-	0%	-
Cash in transit and other cash items in the process of collection	221,625,909	-	-	221,625,909	20%	44,325,182
Other Assets (as per attachment)	5,133,079,443	3,007,590,086	-	2,125,489,357	100%	2,125,489,357
TOTAL	159,302,646,694	4,361,508,426	5,254,795,387	149,686,342,881		109,549,383,755

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	5,848,516,440	-	-	5,848,516,440	10%	584,851,644
LC Commitments With Original Maturity Upto 6 months domestic counterparty	3,576,990,300	-	159,770,669	3,417,219,630	20%	683,443,926
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	4,730,885,728	-	97,283,739	4,633,601,989	50%	2,316,800,995
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	29,549,389,280	-	1,237,658,109	28,311,731,171	40%	11,324,692,468
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	10,144,235,377	-	62,476,073	10,081,759,304	100%	10,081,759,304
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsements	142,501,157	-	-	142,501,157	100%	142,501,157
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-
Irrevocable Credit commitments (short term)	9,210,137,563	-	-	9,210,137,563	20%	1,842,027,513
Irrevocable Credit commitments (long term)	4,486,720,257	-	-	4,486,720,257	50%	2,243,360,129
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	102,510,000	-	-	102,510,000	200%	205,020,000
Total	69,291,886,101	-	1,557,188,590	67,734,697,511		30,924,457,134
Total RWE for credit risk Before Adjustment (A)+(B)	228,594,532,794	4,361,508,426	6,811,983,977	217,421,040,392		140,473,840,889
<u>Adjustment under Pillar II</u>						
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)	228,594,532,794	4,361,508,426	6,811,983,977	217,421,040,392		140,473,840,889

ii. Risk Weighted Exposure of Operational Risk

Particulars	Year 1	Year 2	Year 3
Net Interest Income	2,665,915,437.41	3,584,607,186.95	4,617,810,770.57
Commission and Discount Income	666,788,095.98	766,872,082.49	902,550,793.98
Other Operating Income	153,885,689.82	67,075,129.18	61,856,097.78
Exchange Fluctuation Income	185,077,297.15	237,775,404.77	267,526,500.62
Additional Interest Suspense during the period	4,990,560.27	42,488,948.71	42,005,400.94
Gross Income (a)	3,676,657,081	4,698,818,752	5,891,749,564
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a*b)]	551,498,562	704,822,813	883,762,435
Capital Requirement for operational risk (d) (average of c)			713,361,270
Risk Weight (reciprocal of capital requirement of 11%) in times (e)			9.09
Equivalent Risk Weight Exposure[f=(d*e)]			6,484,453,943
<i>PILLAR II ADJUSTMENT</i>			-
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]			-
Equivalent Risk Weight Exposure [h=f+g]			6,484,453,943

iii. Risk Weighted Exposure of Market Risk

Currency	Open Position (FCY)	Exchange Rate	Open Position (NPR)	Relevant Open Position
INR	147,698,737	1.60	236,317,980	236,317,980
USD	77,154	117.20	9,042,477	9,042,477
GBP	13,430	151.16	2,030,096	2,030,096
EUR	29,076	136.81	3,977,951	3,977,951
THB	31,425	3.75	117,845	117,845
CHF	3,478	127.43	443,157	443,157
AUD	30,192	82.80	2,499,860	2,499,860
CAD	11,414	88.41	1,009,098	1,009,098
SGD	3,332	85.97	286,443	286,443
JPY	1,289,599	1.11	1,429,521	1,429,521
HKD	24,372	15.11	368,267	368,267
DKK	122,347	18.36	2,246,288	2,246,288
SEK	452	13.21	5,969	5,969
SAR	29,269	31.00	907,327	907,327
QAR	11,478	31.93	366,500	366,500
AED	27,743	31.65	878,062	878,062
MYR	9,279	28.06	260,368	260,368
KRW	496,424	0.10	50,586	50,586
CNY	24,252	17.46	423,441	423,441
KWD	468	379.51	177,427	177,427
BHD	196	308	60,523	60,523
Total Open Position (a)			262,899,183	262,899,183
Fixed Percentage (b)			-	5%
Capital Charge for Market Risk [c=(a*b)]				13,144,959
Risk Weight (reciprocal of capital requirement of 11%) in times (d)				9.09
Equivalent Risk Weight Exposure [e=(c*d)]				119,487,679

10. Amount of NPAs

Classification of Loan	Gross NPA	Net NPA
Restructured/Rescheduled Loan	Nil	Nil
Sub-Standard Loan	411,540,510	308,655,383
Doubtful Loan	460,978,722	230,489,361
Loss Loan	747,360,145	-

11. NPA ratios

Gross NPA to Gross Loan & Advance	1.37%
Net NPA to Net Loan & Advances	0.46%

12. Movement of Non-performing Assets

Particulars	Opening Balance	Closing Balance	Difference
Sub-standard Loan	638,213,112	411,540,510	(226,672,602)
Doubtful Loan	631,714,353	460,978,722	(170,735,632)
Loss Loan	504,473,329	747,360,145	242,886,816

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	1,043,281,141.91	1,046,972,279.75	0.35%
Watch list	468,394,943.91	615,693,466.89	31.45%
Sub-standard Loan	159,553,278.01	102,885,127.52	-35.52%
Doubtful Loan	315,857,176.69	230,489,360.83	-27.03%
Loss Loan	504,473,329.14	747,360,144.66	48.15%
Personal Guarantee	0.00	315,000.00	-

ii. Movement of Interest Suspense

Particulars	Opening Balance	Closing Balance	% Change
Interest Suspense	1,372,448,906.54	1,828,268,771.13	33.21%

15. Details of additional loan loss provisions

Particulars	Opening Balance	Closing Balance	Additional Provision
Pass Loan	1,043,281,141.91	1,046,972,279.75	3,691,138
Watch List	468,394,943.91	615,693,466.89	147,298,523
Sub-standard Loan	159,553,278.01	102,885,127.52	(56,668,150)
Doubtful Loan	315,857,176.69	230,489,360.83	(85,367,816)
Loss Loan	504,473,329.14	747,360,144.66	242,886,816
Personal Guarantee		315,000.00	315,000

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

Investment Portfolio	Amount (Rs.)	
Held for Trading	-	
Held to Maturity	18,429,167,411	
Treasury Bills	1,000,000,000	
Development Bond	12,409,250,000	
Money at Call	48,224,484	
Other Investments	4,971,692,927	
Available for sale		
Particulars	Cost Price	Fair Value
Annapurna Developers	2,000,000.00	2,000,000.00
Banking Finance & Insurance Institution	3,000,000.00	3,300,000.00
Chilime Hydropower Company Limited	33,511,686.83	24,693,288.00
Citizen Mutual Fund	12,503,090.30	12,065,395.00
Civil Laghubitta Bittiya Sanstha Limited	-	6,408.00
Deprosc Laghubitta Bittiya Sanstha Limited	-	348.09
Divya Laghubitta Bittiya Sanstha Limited	11,770,000.00	11,770,000.00
Global Ime Sammunat Scheme-1	42,725,265.67	42,255,262.36
Soaltee Hotel Limited	2,121,780.00	1,827,615.00
Jalpa Laghubitta Bittiya 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	51,796,330.82
Life Insurance Corporation Nepal Limited	16,166,526.26	18,020,106.00
Mahila Sahayatra Microfinance Bittiya Sanstha Limited	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	2,250,000.00
Nabil Equity Fund	22,642,720.00	20,378,448.00
Neco Insurance Company Limited	1,863,873.61	2,407,013.00
Nepal Clearing House Limited	4,089,300.00	8,126,240.00
Nepal Doorsanchar Company Limited	76,448,037.79	80,759,903.00
Nepal Electronic Payment System Limited	15,000,000.00	15,000,000.00
Nepal Life Insurance Company Limited	116,325.88	160,758.00
Nerude Laghubitta Bikas Bank Limited-Promoter	13,386,254.00	148,582,416.15
NIBL Pragati Fund	20,587,397.97	18,531,576.00
NIBL Samriddhi Fund 1	27,882,035.73	27,826,784.90
NIC Asia Balance Fund	2,500,000.00	2,275,000.00
NIC Asia Growth Fund	2,500,000.00	2,350,000.00
NLG Insurance Company Limited	135,379,398.37	120,141,924.00
NMB 50	2,500,000.00	2,295,000.00
NMB Hybrid Fund	25,413,078.02	23,379,776.00
Prabhu Capital Ltd. Promoter Share	1,500,000.00	1,532,800.00
Prime Life Insurance Company Limited	-	2,564.00
Reliable Microfinance Bittiya Sanstha Limited	1,055.26	8,743.00
Ridi Hydropower Development Company Limited	564.00	2,720.00
RMDC Laghubitta Bittiya Sanstha Limited	-	221,704.00
Sana Kisan Laghubitta Bittiya Sanstha Limited	-	125,271.00
Sanima Equity Fund	29,000,000.00	30,392,000.00
Shikhar Insurance Company Limited	83,339,788.05	79,376,030.00
Siddhartha Equity Fund	19,356,940.19	17,827,760.16
Siddhartha Insurance Limited	-	20,580.00
Siddhartha Investment Growth Scheme-2	5,000,000.00	5,000,000.00

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
Grand Total	742,928,270.37	849,204,337.48

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