

PRIME COMMERCIAL BANK LIMITED

Disclosures under BASEL III as at 2076.06.30

Amount in NPR

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

Core Capital (Tier 1)	Amount (Rs.)
Paid up Equity Share Capital	9,686,851,689
Statutory General Reserves	2,112,115,726
Proposed Bonus Equity Shares	-
Share Premium	644,823
Retained Earnings	1,688,274,654
Un-audited current year cumulative profit	361,706,948
Capital Redemption Reserve	146,775,000
Other Free Reserve	-
Less: Fictitious Assets	-
Less: Intangible Assets	11,175,826
Less: Deferred Tax Assets	62,038,164
Less: Investment in equity in licensed Financial Institutions	51,023,000
Total Core Capital (Tier I)	13,872,131,850

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

Supplementary Capital (Tier 2)	Amount
General loan loss provision	929,169,044
Exchange Equalization Reserve	2,709,748
Investment Adjustment Reserve	2,131,943
Total Core Capital (Tier II)	934,010,735

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	11,175,826
Deferred Tax Assets	62,038,164
Investment in equity in licensed Financial Institutions	51,023,000
Total Deduction from Tier I Capital	124,236,989

5. Total Qualifying Capital:

Total Qualifying Capital	Amount
Core Capital (Tier 1)	13,872,131,850
Supplementary Capital (Tier 2)	934,010,735
Total qualifying capital	14,806,142,585

6. Capital Adequacy Ratio:

Capital Adequacy Ratio	Percentage
Tier 1 Capital to Total Risk Weighted Exposures	11.95%
Tier 1 & Tier 2 Capital to Total Risk Weighted Exposures	12.75%

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

Risk Weighted Exposures	Amount
Risk weighted Exposures for Credit Risk	105,751,787,230
Risk weighted Exposures for Operational Risk	5,158,265,852
Risk weighted exposures for Market Risk	175,593,286
Total Risk Weighted Exposures (Before adjustments of Pillar II)	111,085,646,367
<u>Adjustment under Pillar II</u>	
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.	1,708,556,400
Overall risk management policies and procedures are not satisfactory. Add 3% of RWE	3,332,569,391
If desired level of disclosure requirement has not been achieved, Add.....% of RWE	-
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	116,126,772,158

8. Risk weighted exposure under each of 11 categories

Credit Risk	Claim	RWE
Claims on Govt. and Central Bank	17,380,476,581	-
Claims on Other Financial Entities	-	-
Claims on Banks	7,622,549,257	2,402,470,189
Claims on Corporate and Securities Firm	47,972,464,152	47,647,056,918
Claims on Regulatory Retail Portfolio	14,858,535,954	9,123,434,272
Claims on Secured by Residential Properties	5,395,440,986	3,251,422,940
Claims on Secured by Commercial Real Estate	4,368,942,382	4,368,942,382
Past due Claims	1,449,422,700	1,350,086,241
High Risk Claims	3,833,374,211	3,279,305,854
Lending against Securities (Bond & Shares)	1,794,311,319	1,789,021,842
Other Assets	4,492,551,310	2,587,176,158
Off Balance Sheet Items	60,811,087,689	29,952,870,433
Total	169,979,156,542	105,751,787,230

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 t (e)	Risk Weighted Exposures (f=d*e)
Cash Balance	3,335,921,099	-	-	3,335,921,099	0%	-
Balance with Nepal Rastra Bank	4,914,009,395	-	-	4,914,009,395	0%	-
Gold	128,014,233	128,014,233	-	-	0%	-
Investment in Nepalese Government Securities	8,862,695,000	-	-	8,862,695,000	0%	-
All claims on Government of Nepal	139,836,854	-	-	139,836,854	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	3,504,574,891	-	-	3,504,574,891	20%	700,914,978
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)	1,100,121,289	-	-	1,100,121,289	20%	220,024,258
Claims on Foreign Bank (ECA 2)	2,958,684,116	-	-	2,958,684,116	50%	1,479,342,058
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	10,944,478	-	-	10,944,478	20%	2,188,896
Claims on Domestic Corporate	47,972,464,152	-	325,407,234	47,647,056,918	100%	47,647,056,918
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)	14,858,535,954	-	2,693,956,925	12,164,579,030	75%	9,123,434,272
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-
Claims secured by residential properties	5,279,914,368	-	-	5,279,914,368	60%	3,167,948,621
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	115,526,618	32,052,299	-	83,474,319	100%	83,474,319
Claims secured by Commercial real estate	4,368,942,382	-	-	4,368,942,382	100%	4,368,942,382
Past due claims (except for claim secured by residential properties)	1,449,422,700	549,365,207	-	900,057,494	150%	1,350,086,241
High Risk claims	3,833,374,211	-	1,647,170,309	2,186,203,903	150%	3,279,305,854
Lending against Securities(Bond & Shares)	1,794,311,319	-	5,289,477	1,789,021,842	100%	1,789,021,842
Investments in equity & other capital instruments of institutions listed in the stock exchange	570,618,097	40,661,312	-	529,956,785	100%	529,956,785

Investments in equity & other capital instruments of institutions not listed in the stock exchange	22,200,000	-	-	22,200,000	150%	33,300,000
Staff loan secured by residential property	166,372,515	-	-	166,372,515	50%	83,186,258
Interest Receivable/claim on government securities	138,427,881	138,427,881	-	-	0%	-
Cash in transit and other cash items in the process of collection	204,312,262	-	-	204,312,262	20%	40,862,452
Other Assets (as per attachment)	3,390,620,555	1,490,749,892	-	1,899,870,662	100%	1,899,870,662
TOTAL	109,168,068,853	2,427,495,307	4,671,823,944	102,068,749,602		75,798,916,796

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	4,406,393,360	-	-	4,406,393,360	10%	440,639,336
LC Commitments with Original Maturity upto 6 months (domestic counterparty)	3,805,874,226	-	192,610,306	3,613,263,920	20%	722,652,784
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)	3,384,718,876	-	153,978,929	3,230,739,947	50%	1,615,369,974
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)	28,007,531,222	-	1,287,354,579	26,720,176,643	50%	13,360,088,322
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	10,727,577,928	-	56,223,241	10,671,354,688	100%	10,671,354,688
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsement	236,960,056	-	-	236,960,056	100%	236,960,056
Unpaid portion of partly paid shares and securities	-	-	-	-	100%	-
Irrevocable Credit commitments (Short term)	7,992,026,963	-	-	7,992,026,963	20%	1,598,405,393
Irrevocable Credit commitments (Long term)	2,128,406,824	-	-	2,128,406,824	50%	1,064,203,412
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	121,598,235	-	-	121,598,235	200%	243,196,470
Total	60,811,087,689	-	1,690,167,053	59,120,920,636		29,952,870,433
Total RWE for credit risk Before Adjustment (A)+(B)	169,979,156,542	2,427,495,307	6,361,990,998	161,189,670,238		105,751,787,230
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)	169,979,156,542	2,427,495,307	6,361,990,998	161,189,670,238		105,751,787,230

ii. Risk Weighted Exposure of Operational Risk

Particulars	Year 1	Year 2	Year 3
Net Interest Income	1,904,341,192.89	2,562,109,610.00	3,545,106,592.37
Commission and Discount Income	362,216,883.41	475,753,880.00	403,922,474.79
Other Operating Income	419,802,479.97	507,284,320.00	437,223,895.34
Exchange Fluctuation Income	122,512,090.85	185,077,300.00	237,775,404.79
Additional Interest Suspense during the period	6,136,187.00	105,169,995.34	74,887,499.11
Gross Income (a)	2,815,008,834	3,835,395,105	4,698,915,866
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a*b)]	422,251,325	575,309,266	704,837,380
Capital Requirement for operational risk (d) (average of c)			567,465,990
Risk Weight (reciprocal of capital requirement of 11%) in times (e)			9.09
Equivalent Risk Weight Exposure[f=(d*e)]			5,158,265,852
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 11%) in times			9.09
Equivalent Risk Weight Exposure[g]			-
Equivalent Risk Weight Exposure [h=f+g]			5,158,265,852

iii. Risk Weighted Exposure of Market Risk

Currency	Open Position (FCY)	Exchange Rate	Open Position (NPR)	Relevant Open Position
INR	155,147,194	1.60	248,235,510	248,235,510
USD	(1,086,745)	113.75	(123,617,265)	123,617,265
GBP	878	144.94	127,295	127,295
EUR	29,733	125.53	3,732,410	3,732,410
THB	47,068	3.74	176,034	176,034
CHF	1,618	113.97	184,426	184,426
AUD	7,135	77.03	549,576	549,576
CAD	13,875	85.91	1,192,027	1,192,027
SGD	2,511	82.88	208,113	208,113
JPY	4,856,582	1.04	5,054,731	5,054,731
HKD	9,509	14.49	137,792	137,792
DKK	58,879	16.79	988,582	988,582
SEK	452	11.58	5,231	5,231
SAR	26,175	30.09	787,601	787,601
QAR	7,253	30.99	224,760	224,760
AED	7,605	30.72	233,638	233,638
MYR	11,926	26.99	321,885	321,885
KRW	53,249	0.10	5,101	5,101
CNY	28,016	16.02	448,809	448,809
KWD	304	371.36	113,078	113,078
BHD	-	299.34	-	-
Total Open Position (a)			139,109,334	386,343,863
Fixed Percentage (b)			-	5%
Capital Charge for Market Risk [c=(a*b)]				19,317,193
Risk Weight (reciprocal of capital requirement of 11%) in times (d)				9.09
Equivalent Risk Weight Exposure [e=(c*d)]				175,593,286

10. Amount of NPAs

Classification of Loan	Gross NPA	Net NPA
Restructured/Rescheduled Loan	Nil	Nil
Sub-Standard Loan	325,984,438	244,488,329
Doubtful Loan	237,617,693	118,808,846
Loss Loan	380,986,686	-

11. NPA ratios

Gross NPA to Gross Loan & Advance	1.14%
Net NPA to Net Loan & Advances	0.45%

12. Movement of Non-performing Assets

Particulars	Opening Balance	Closing Balance	Difference
Sub-standard Loan	230,040,112	325,984,438	95,944,326
Doubtful Loan	167,234,726	237,617,693	70,382,966
Loss Loan	301,753,625	380,986,686	79,233,061

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	749,276,870.72	791,895,003.37	5.69%
Watch list	33,553,952.55	137,274,040.62	309.11%
Sub-standard Loan	57,510,028.03	81,496,109.50	41.71%
Doubtful Loan	83,617,363.20	118,808,846.27	42.09%
Loss Loan	301,753,625.21	380,986,686.13	26.26%
Personal Guarantee	126,000.00	125,863.23	-0.11%

ii. Movement of Interest Suspense

Particulars	Opening Balance	Closing Balance	% Change
Interest Suspense	397,806,710.45	721,431,620.95	81.35%

15. Details of additional loan loss provisions

Particulars	Opening Balance	Closing Balance	Additional Provision
Pass Loan	749,276,870.72	791,895,003.37	42,618,133
Watch List	33,553,952.55	137,274,040.62	103,720,088
Sub-standard Loan	57,510,028.03	81,496,109.50	23,986,081
Doubtful Loan	83,617,363.20	118,808,846.27	35,191,483
Loss Loan	301,753,625.21	380,986,686.13	79,233,061
Personal Guarantee	126,000.00	125,863.23	(137)

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	11,738,678,383	
Treasury Bills	-	
Development Bond	8,862,695,000	
Money at Call	48,224,484	
Other Investments	2,827,758,899	
Available for sale		
Particulars	Cost Price	Fair Value
BANKING FINANCE AND INSURANCE INSTITUTE OF NEPAL LTD	3,000,000	3000000
CITIZEN MUTUAL FUND	10,000,000	8820000
GLOBAL IME SAMUNNAT SCHEME-1	37,978,706	26661033.36
SOALTEE HOTEL LIMITED	928,557	765900
LAXMI EQUITY FUND	58,455,870	38,580,874.20
NABIL EQUITY FUND	11,377,680	8965611.84
NECO INSURANCE COMPANY LTD.	172,866,982	101602771.2
NEPAL CLEARING HOUSE LTD.	2,700,000	3844000
NEPAL DOORSANCHAR CO.LTD (NTC)	91,042,750	83945520
NEPS LTD.	15,000,000	15000000
NEPAL LIFE INSURANCE COMPANY LTD	2,859,512	2137104
NERUDE LAGHUBITTA LTD.-PROMOTER SHARE	13,303,198	107030963
NIBL PRAGATI FUND	10,298,322	6971964.299
NLG INSURANCE CO.LTD	134,035,173	101951046
NMB HYBIRD FUND	12,793,868	10695441.24
PRABHU CAPITAL LIMITED	1,500,000	1,500,000
SANIMA EQUITY FUND	5,000,000	4,655,000
SIDDHARTHA EQUITY FUND	9,677,480	8,603,280
Grand Total	592,818,097	534,730,509
Investment in Associates	Amount (Rs.)	
MAHILA SAHAYATRA MICRO FINANCE BITTIYA SANSTHA LTD.	14,000,000	
MERO MICRO FINANCE BITTIYA SANSTHA LTD.	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