

PRIME COMMERCIAL BANK LIMITED

Disclosures under BASEL III as at 2076.12.30

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	3,317,204,183
Proposed Bonus Equity Shares	-
Share Premium	644,823
Retained Earnings	147,235,401
Un-audited current year cumulative profit	641,213,640
Capital Redemption Reserve	322,211,268
Other Free Reserve	-
Less: Fictitious Assets	-
Less: Intangible Assets	18,515,048
Less: Deferred Tax Assets	66,961,978
Less: Investment in equity in licensed Financial Institutions	51,023,000
Total Core Capital (Tier I)	18,277,258,793

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

Supplementary Capital (Tier 2)	Amount (Rs.)
General loan loss provision	1,102,613,308
Exchange Equalization Reserve	3,332,263
Investment Adjustment Reserve	2,131,943
Total Core Capital (Tier II)	1,108,077,513

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	18,515,048
Deferred Tax Assets	66,961,978
Investment in equity in licensed Financial Institutions	51,023,000
Total Deduction from Tier I Capital	136,500,026

5. Total Qualifying Capital:

Total Qualifying Capital	Amount
Core Capital (Tier 1)	18,277,258,793
Supplementary Capital (Tier 2)	1,108,077,513
Total qualifying capital	19,385,336,306

6. Capital Adequacy Ratio:

Capital Adequacy Ratio	Percentage
Tier 1 Capital to Total Risk Weighted Exposures	12.24%
Tier 1 & Tier 2 Capital to Total Risk Weighted Exposures	12.98%

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

Risk Weighted Exposures	Amount
Risk weighted Exposures for Credit Risk	135,829,819,489
Risk weighted Exposures for Operational Risk	6,818,548,645
Risk weighted exposures for Market Risk	152,504,863
Total Risk Weighted Exposures (Before adjustments of Pillar II)	142,800,872,997
<i>Adjustment under Pillar II</i>	
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.	2,293,497,900
Overall risk management policies and procedures are not satisfactory. Add 3% of RWE	4,284,026,190
If desired level of disclosure requirement has not been achieved, Add.....% of RWE	-
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	149,378,397,087

8. Risk weighted exposure under each of 11 categories

Credit Risk	Claim	RWE
Claims on Govt. and Central Bank	21,577,579,182	-
Claims on Other Financial Entities	-	-
Claims on Banks	14,552,064,019	4,602,601,091
Claims on Corporate and Securities Firm	55,802,865,211	55,448,288,570
Claims on Regulatory Retail Portfolio	27,612,636,019	18,355,742,274
Claims on Secured by Residential Properties	8,929,392,850	5,425,439,839
Claims on Secured by Commercial Real Estate	5,246,739,495	5,209,564,412
Past due Claims	2,765,426,443	3,202,700,518
High Risk Claims	6,908,532,829	7,347,628,019
Lending against Securities (Bond & Shares)	2,819,833,004	2,811,985,494
Other Assets	6,177,225,662	2,657,535,754
Off Balance Sheet Items	63,242,743,249	30,768,333,518
Total	215,635,037,964	135,829,819,489

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	3,543,705,515	-	-	3,543,705,515	0%	-
Balance with Nepal Rastra Bank	6,298,911,914	-	-	6,298,911,914	0%	-
Gold	35,507,700	35,507,700	-	-	0%	-
Investment in Nepalese Government Securities	11,545,167,200	-	-	11,545,167,200	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 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	7,020,540,473	-	-	7,020,540,473	20%	1,404,108,095
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)	1,396,003,390	-	-	1,396,003,390	20%	279,200,678
Claims on Foreign Bank (ECA 2)	5,672,777,281	-	-	5,672,777,281	50%	2,836,388,640
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	414,518,391	-	-	414,518,391	20%	82,903,678
Claims on Domestic Corporate	55,802,865,211	89,001,833	265,574,808	55,448,288,570	100%	55,448,288,570
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)	27,612,636,019	6,122,766	3,132,190,221	24,474,323,032	75%	18,355,742,274
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-
Claims secured by residential properties	8,677,142,221	9,570,947	-	8,667,571,274	60%	5,200,542,764
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	252,250,629	27,353,555	-	224,897,074	100%	224,897,074
Claims secured by Commercial real estate	5,246,739,495	37,175,083	-	5,209,564,412	100%	5,209,564,412
Past due claims (except for claim secured by residential properties)	2,765,426,443	630,292,764	-	2,135,133,679	150%	3,202,700,518
High Risk claims	6,908,532,829	6,759,531	2,003,354,619	4,898,418,679	150%	7,347,628,019
Lending against Securities(Bond & Shares)	2,819,833,004	3,000,000	4,847,510	2,811,985,494	100%	2,811,985,494
Investments in equity & other capital instruments of institutions listed in the stock exchange	717,082,192	-	-	717,082,192	100%	717,082,192

Investments in equity & other capital instruments of institutions not listed in the stock exchange	42,877,540	-	-	42,877,540	150%	64,316,310
Staff loan secured by residential property	233,266,478	-	-	233,266,478	50%	116,633,239
Interest Receivable/claim on government securities	172,661,979	172,661,979	-	-	0%	-
Cash in transit and other cash items in the process of collection	29,066,903	-	-	29,066,903	20%	5,813,381
Other Assets (as per attachment)	4,982,270,571	3,228,579,938	-	1,753,690,633	100%	1,753,690,633
TOTAL	152,392,294,715	4,294,250,580	5,405,967,158	142,692,076,977		105,061,485,971

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	5,802,524,554	-	-	5,802,524,554	10%	580,252,455
LC Commitments with Original Maturity upto 6 months (domestic counterparty)	3,782,194,130	-	135,679,354	3,646,514,777	20%	729,302,955
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)	4,109,738,167	-	92,737,471	4,017,000,697	50%	2,008,500,348
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)	28,590,361,105	-	1,242,901,461	27,347,459,643	50%	13,673,729,822
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	10,870,164,554	-	26,340,656	10,843,823,898	100%	10,843,823,898
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsement	204,014,265	-	-	204,014,265	100%	204,014,265
Unpaid portion of partly paid shares and securities	-	-	-	-	100%	-
Irrevocable Credit commitments (Short term)	8,054,156,759	-	-	8,054,156,759	20%	1,610,831,352
Irrevocable Credit commitments (Long term)	1,694,200,671	-	-	1,694,200,671	50%	847,100,336
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	135,389,043	-	-	135,389,043	200%	270,778,087
Total	63,242,743,249	-	1,497,658,942	61,745,084,307		30,768,333,518
Total RWE for credit risk Before Adjustment (A)+(B)	215,635,037,964	4,294,250,580	6,903,626,100	204,437,161,284		135,829,819,489
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)	215,635,037,964	4,294,250,580	6,903,626,100	204,437,161,284		135,829,819,489

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)	3,936,851,123	4,757,726,790	6,307,729,337
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]			-
Equivalent Risk Weight Exposure [h=f+g]			6,818,548,645

iii. Risk Weighted Exposure of Market Risk

Currency	Open Position (FCY)	Exchange Rate	Open Position (NPR)	Relevant Open Position
INR	194,974,840	1.60	311,959,744	311,959,744
USD	(86,437)	121.80	(10,528,014)	10,528,014
GBP	24,546	132.70	3,257,206	3,257,206
EUR	9,616	151.18	1,453,805	1,453,805
THB	3,477	125.42	436,098	436,098
CHF	10,237	77.10	789,266	789,266
AUD	11,171	86.95	971,324	971,324
CAD	4,615	85.88	396,313	396,313
SGD	663,088	1.12	741,200	741,200
JPY	59,647	17.28	1,030,704	1,030,704
HKD	24,723	32.15	794,846	794,846
DKK	11,956	33.19	396,825	396,825
SEK	41,241	3.72	153,415	153,415
SAR	15,637	32.89	514,286	514,286
QAR	23,804	28.10	668,887	668,887
AED	451	12.25	5,522	5,522
MYR	48,618	17.77	863,940	863,940
KRW	24,219	15.70	380,242	380,242
CNY	881,505	0.10	88,327	88,327
KWD	294	388.27	114,289	114,289
BHD	-	-	-	-
Total Open Position (a)			314,488,225	335,544,253
Fixed Percentage (b)			-	5%
Capital Charge for Market Risk [c=(a*b)]				16,777,213
Risk Weight (reciprocal of capital requirement of 11%) in times (d)				9.09
Equivalent Risk Weight Exposure [e=(c*d)]				152,504,863

10. Amount of NPAs

Classification of Loan	Gross NPA	Net NPA
Restructured/Rescheduled Loan	Nil	Nil
Sub-Standard Loan	553,695,203	415,271,402
Doubtful Loan	155,144,374	77,572,187
Loss Loan	410,868,267	-

11. NPA ratios

Gross NPA to Gross Loan & Advance	0.97%
Net NPA to Net Loan & Advances	0.44%

12. Movement of Non-performing Assets

Particulars	Opening Balance	Closing Balance	Difference
Sub-standard Loan	613,680,227	553,695,203	(59,985,024)
Doubtful Loan	209,351,834	155,144,374	(54,207,460)
Loss Loan	442,605,367	410,868,267	(31,737,099)

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	1,081,704,469.66	1,102,613,307.87	1.93%
Watch list	219,285,091.11	181,971,224.04	-17.02%
Sub-standard Loan	170,384,159.90	138,423,800.70	-18.76%
Doubtful Loan	106,018,189.73	77,572,186.92	-26.83%
Loss Loan	442,605,366.59	410,868,267.29	-7.17%
Personal Guarantee	588,183.80	441,000.00	-25.02%

ii. Movement of Interest Suspense

Particulars	Opening Balance	Closing Balance	% Change
Interest Suspense	744,905,028.00	2,403,130,610.40	222.61%

15. Details of additional loan loss provisions

Particulars	Opening Balance	Closing Balance	Additional Provision
Pass Loan	1,081,704,469.66	1,102,613,307.87	20,908,838
Watch List	219,285,091.11	181,971,224.04	(37,313,867)
Sub-standard Loan	170,384,159.90	138,423,800.70	(31,960,359)
Doubtful Loan	106,018,189.73	77,572,186.92	(28,446,003)
Loss Loan	442,605,366.59	410,868,267.29	(31,737,099)
Personal Guarantee	588,183.80	441,000.00	(147,184)

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	16,342,617,655	
Treasury Bills	292,717,200	
Development Bond	11,252,450,000	
Money at Call	848,224,484	
Other Investments	3,949,225,971	
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 Hydro power Company Limited	33,089,342.32	17,747,904.00
Citizen Mutual Fund	12,500,000.00	11,250,000.00
Civil Laghubitta Bittiya Sanstha Limited	-	2,084.00
Divya Laghubitta Bittiya Sanstha Limited	11,770,000.00	11,770,000.00
Global IME Sammunat Scheme-1	42,725,265.67	39,307,220.80
Soaltee Hotel Limited	2,121,780.00	1,639,914.00
Karja Suchana Kendra	94,500.00	1,181,300.00
Laxmi Equity Fund	58,455,870.00	46,823,151.87
Laxmi Value Fund-1	28,843,172.84	26,877,303.28
Life Insurance Corporation Nepal Limited	16,166,526.26	14,101,074.00
Mahila Sahayatra Laghubitta Bittiya Sanstha Ltd. (Ordinary)	-	1,292.00
Mahila Sahayatra Micro Finance Bittiya Sanstha Ltd. (Promoter)	14,000,000.00	14,000,000.00
Mero Micro Finance Bittiya Sanstha Ltd.(Promoter)	37,023,000.00	37,023,000.00
Nabil Balance Fund-2	2,500,000.00	2,052,500.00
NABIL Equity Fund	22,642,720.00	17,661,321.60
Neco Insurance	104,929,822.99	83,086,805.00
Nepal Clearing House Ltd.	4,089,300.00	8,126,240.00
Nepal Doorsanchar	78,446,270.48	72,990,057.00
Nepal Electronic Payment System Ltd	15,000,000.00	15,000,000.00
Nepal Life Insurance	6,577,325.88	6,974,318.00
Nerude Laghubitta Bikas Bank-Promoter	13,386,254.00	148,582,416.15
NIBL Pragati Fund	20,572,392.45	15,840,740.30
NIBL Samriddhi Fund 1	27,822,550.00	27,043,518.60
NIC Asia Balance Fund	2,500,000.00	2,250,000.00
NIC Asia Growth Fund	2,500,000.00	2,265,000.00
NLG Insurance	134,088,289.39	94,383,645.00
NMB 50	2,500,000.00	2,500,000.00
NMB Hybrid Fund	25,413,078.02	22,464,915.20
Prabhu Capital Ltd. Promoter Share	1,500,000.00	1,500,000.00
Prime Life Insurance Company Limited	-	998.00
RELIABLE MICROFINANCE BITTIYA SANST	1,055.26	1,055.26
Ridi Hydropower Development Company Limited	564.00	468.00
RMDC Laghubitta Bittiya Sanstha Limited	-	20,060.00
Sana Kisan Laghubitta Bittiya Sanstha Limited	-	72,270.00
Sanima Equity Fund	29,000,000.00	25,346,000.00
Siddhartha Equity Fund	19,354,960.00	17,419,464.00
Siddhartha Insurance Limited	-	2,300.00
Siddhartha Investment Growth Scheme-2	5,000,000.00	5,000,000.00

Surya Life Insurance Company Limited Promoter Share	2,545,355.00	4,374,396.00
Swabhimaan Laghubitta Bittiya Sanstha Limited	9,000,000.00	9,000,000.00
Grand Total	791,159,394.56	810,982,732.06

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