

PRIME COMMERCIAL BANK LIMITED

Disclosures under BASEL III as at 2075.12.30

Amount in NPR

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

	Amount (Rs.)
Core Capital (Tier 1)	
Paid up Equity Share Capital	8,033,298,870
Statutory General Reserves	1,590,393,302
Proposed Bonus Equity Shares	-
Share Premium	-
Retained Earnings	1,335,887,667
Un-audited current year cumulative profit	1,419,956,146
Capital Redemption Reserve	-
Other Free Reserve	5,188,353
Less: Fictitious Assets	-
Less: Intangible Assets	8,456,857
Less: Deferred Tax Assets	33,163,681
Less: Investment in equity in licensed Financial Institutions	28,000,000
Total Core Capital (Tier I)	12,315,103,799

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

Supplementary Capital (Tier 2)	Amount
General loan loss provision	798,256,753
Exchange Equalization Reserve	1,875,723
Investment Adjustment Reserve	16,500,000
Total Core Capital (Tier II)	816,632,475

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	8,456,857
Deferred Tax Assets	33,163,681
Investment in equity in licensed Financial Institutions	28,000,000
Total Deduction from Tier I Capital	69,620,538

5. Total Qualifying Capital:

Total Qualifying Capital	Amount
Core Capital (Tier 1)	12,315,103,799
Supplementary Capital (Tier 2)	816,632,475
Total qualifying capital	13,131,736,275

6. Capital Adequacy Ratio:

Capital Adequacy Ratio	Percentage
Tier 1 Capital to Total Risk Weighted Exposures	11.38%
Tier 1 & Tier 2 Capital to Total Risk Weighted Exposures	12.13%

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

Risk Weighted Exposures	Amount
Risk weighted Exposures for Credit Risk	96,914,826,496
Risk weighted Exposures for Operational Risk	4,391,499,539
Risk weighted exposures for Market Risk	133,547,449
Total Risk Weighted Exposures (Before adjustments of Pillar II)	101,439,873,484
<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	2,242,035,103
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	3,043,196,205
If desired level of disclosure requirement has not been achieved, Add.....% of RWE	-
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	108,259,304,791

8. Risk weighted exposure under each of 11 categories

Credit Risk	Claim	RWE
Claims on Govt. and Central Bank	12,559,691,384	-
Claims on Other Financial Entities	-	-
Claims on Banks	6,964,959,210	2,006,584,751
Claims on Corporate and Securities Firm	40,089,518,403	39,762,706,242
Claims on Regulatory Retail Portfolio	12,884,775,700	7,509,051,900
Claims on Secured by Residential Properties	4,871,995,235	2,943,290,016
Claims on Secured by Commercial Real Estate	3,980,474,420	3,980,474,420
Past due Claims	1,762,635,619	1,539,719,395
High Risk Claims	4,904,490,746	4,109,316,199
Lending against Securities (Bond & Shares)	2,150,825,364	2,145,140,588
Other Assets	3,146,508,146	1,860,285,725
Off Balance Sheet Items	57,537,011,278	31,058,257,258
Total	150,852,885,504	96,914,826,496

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	1,720,856,769	-	-	1,720,856,769	0%	-
Balance with Nepal Rastra Bank	2,810,307,625	-	-	2,810,307,625	0%	-
Gold	(0)	(0)	-	-	0%	-
Investment in Nepalese Government Securities	7,887,608,000	-	-	7,887,608,000	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	3,782,994,074	-	-	3,782,994,074	20%	756,598,815
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)	1,041,409,299	-	-	1,041,409,299	20%	208,281,860
Claims on Foreign Bank (ECA 2)	2,077,459,353	-	-	2,077,459,353	50%	1,038,729,677
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	14,871,999	-	-	14,871,999	20%	2,974,400
Claims on Domestic Corporate	40,089,518,403	-	326,812,160	39,762,706,242	100%	39,762,706,242
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)	12,884,775,700	-	2,872,706,500	10,012,069,200	75%	7,509,051,900
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-
Claims secured by residential properties	4,799,771,399	-	-	4,799,771,399	60%	2,879,862,839
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	72,223,836	8,796,659	-	63,427,177	100%	63,427,177
Claims secured by Commercial real estate	3,980,474,420	-	-	3,980,474,420	100%	3,980,474,420

Past due claims (except for claim secured by residential properties)	1,762,635,619	736,156,022	-	1,026,479,597	150%	1,539,719,395
High Risk claims	4,904,490,746	-	2,164,946,614	2,739,544,132	150%	4,109,316,199
Lending against Securities(Bond & Shares)	2,150,825,364	-	5,684,776	2,145,140,588	100%	2,145,140,588
Investments in equity & other capital instruments of institutions listed in the stock exchange	561,599,894	27,975,328	-	533,624,566	100%	533,624,566
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	107,023,386	-	-	107,023,386	60%	64,214,032
Interest Receivable/claim on government securities	89,547,628	89,547,628	-	-	0%	-
Cash in transit and other cash items in the process of collection	98,895,316	-	-	98,895,316	20%	19,779,063
Other Assets (as per attachment)	2,267,341,922	1,057,823,857	-	1,209,518,065	100%	1,209,518,065
TOTAL	93,315,874,226	1,968,523,978	5,370,150,050	85,977,200,199		65,856,569,237

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	3,888,046,094	-	-	3,888,046,094	10%	388,804,609
LC Commitments with Original Maturity upto 6 months (domestic counterparty)	4,038,666,193	-	211,659,473	3,827,006,720	20%	765,401,344
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)	4,677,795,514	-	93,914,584	4,583,880,930	50%	2,291,940,465
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)	18,658,619,146	-	747,391,748	17,911,227,398	50%	8,955,613,699
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	12,417,235,435	-	90,278,208	12,326,957,227	100%	12,326,957,227
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsement	287,131,561	-	-	287,131,561	100%	287,131,561
Unpaid portion of partly paid shares and securities	-	-	-	-	100%	-
Irrevocable Credit commitments (Short term)	7,799,419,023	-	-	7,799,419,023	20%	1,559,883,805
Irrevocable Credit commitments (Long term)	2,705,114,717	-	-	2,705,114,717	50%	1,352,557,359
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective capital requirement	-	-	-	-	20%	-
Other Contingent Liabilities	3,000,000,000	-	-	3,000,000,000	100%	3,000,000,000
Unpaid Guarantee Claims	64,983,595	-	-	64,983,595	200%	129,967,190
Total	57,537,011,278	-	1,143,244,013	56,393,767,265		31,058,257,258
Total RWE for credit risk Before Adjustment (A)+(B)	150,852,885,504	1,968,523,978	6,513,394,063	142,370,967,464		96,914,826,496
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)	150,852,885,504	1,968,523,978	6,513,394,063	142,370,967,464		96,914,826,496

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
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 10%) in times			10
Equivalent Risk Weight Exposure[g]			-
Equivalent Risk Weight Exposure [h=f+g]			4,391,499,539

iii. Risk Weighted Exposure of Market Risk

Currency	Open Position (FCY)	Exchange Rate	Open Position (NPR)	Relevant Open Position
INR	140,693,464	1.60	225,109,543	225,109,543
USD	272,688	110.60	30,159,242	30,159,242
GBP	29,704	143.93	4,275,282	4,275,282
EUR	7,958	124.34	989,556	989,556
THB	29,244	3.47	101,477	101,477
CHF	603	109.81	66,225	66,225
AUD	3,437	78.42	269,512	269,512
CAD	8,060	82.56	665,473	665,473
SGD	1,686	81.28	137,065	137,065
JPY	601,481	0.98	591,737	591,737
HKD	502	14.09	7,068	7,068
DKK	47,125	16.66	785,106	785,106
SEK	452	11.88	5,369	5,369
SAR	71,909	29.26	2,104,059	2,104,059
QAR	21,280	30.13	641,176	641,176
AED	4,460	29.87	133,210	133,210
MYR	19,335	26.67	515,657	515,657
KRW	-	0.10	-	-
CNY	26,737	16.43	439,295	439,295
KWD	275	360.10	98,848	98,848
BHD	-	291.05	-	-
Total Open Position (a)			267,094,898	267,094,898
Fixed Percentage (b)			-	5%
Capital Charge for Market Risk [c=(a*b)]				13,354,745
Risk Weight (reciprocal of capital requirement of 10%) in times (d)				10
Equivalent Risk Weight Exposure [e=(c*d)]				133,547,449

10. Amount of NPAs

Classification of Loan	Gross NPA	Net NPA
Restructured/Rescheduled Loan	Nil	Nil
Sub-Standard Loan	267,552,772	200,664,579
Doubtful Loan	439,639,579	219,819,789
Loss Loan	458,118,698	-

11. NPA ratios

Gross NPA to Gross Loan & Advance	1.58%
Net NPA to Net Loan & Advances	0.58%

12. Movement of Non-performing Assets

Particulars	Opening Balance	Closing Balance	Difference
Sub-standard Loan	323,290,884	268,152,772	(55,138,112)
Doubtful Loan	367,224,990	439,639,579	72,414,589
Loss Loan	468,518,565	458,118,698	(10,399,867)

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	707,513,687	708,620,496	0.16%
Watch list	81,798,656	89,636,257	9.58%
Sub-standard Loan	80,822,721	66,888,193	-17.24%
Doubtful Loan	183,612,495	219,819,789	19.72%
Loss Loan	468,518,565	458,118,698	-2.22%
Personal Guarantee	150,000	126,000	-16.00%

ii. Movement of Interest Suspense

Particulars	Opening Balance	Closing Balance	% Change
Interest Suspense	546,763,841	521,650,638	-4.59%

15. Details of additional loan loss provisions

Particulars	Opening Balance	Closing Balance	Additional Provision
Pass Loan	707,513,687	708,620,496	1,106,809
Watch List	81,798,656	89,636,257	7,837,601
Sub-standard Loan	80,822,721	66,888,193	(13,934,528)
Doubtful Loan	183,612,495	219,819,789	36,207,294
Loss Loan	468,518,565	458,118,698	(10,399,867)
Personal Guarantee	150,000	126,000	(24,000)

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	10,846,507,570
Treasury Bills	1,488,498,000
Development Bond	6,399,110,000
Money at Call	48,224,484
Other Investments	2,910,675,086
Available for sale	583,699,894
BANKING FINANCE AND INSURANCE INSTITUTE OF NEPAL LTD	3,000,000
GLOBAL IME SAMUNNAT SCHEME-1	37,978,706
LAXMI EQUITY FUND	58,455,870
MAHILA SAHAYATRA MICRO FINANCE BITTIYA SANSTHA LTD.	14,000,000
MERO MICRO FINANCE BITTIYA SANSTHA LTD.	14,000,000
NABIL EQUITY FUND	11,265,040
NECO INSURANCE COMPANY LTD.	172,866,982
NEPAL CLEARING HOUSE LTD.	2,600,000
NEPAL DOORSANCHAR CO.LTD (NTC)	88,507,473
NEPS LTD.	15,000,000
NERUDE LAGHUBITTA LTD.-PROMOTER	14,025,200
NIBL PRAGATI FUND	10,298,322
NLG INSURANCE CO.LTD	127,566,173
NMB HYBIRD FUND	12,636,128
PRABHU CAPITAL LIMITED	1,500,000

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