

PRIME COMMERCIAL BANK LIMITED

Disclosures under BASEL III as at 2076.09.29

Amount in NPR

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

	Amount (Rs.)
Core Capital (Tier 1)	
Paid up Equity Share Capital	9,686,851,700
Statutory General Reserves	2,338,964,823
Proposed Bonus Equity Shares	-
Share Premium	644,823
Retained Earnings	1,601,543,669
Un-audited current year cumulative profit	859,573,469
Capital Redemption Reserve	146,775,000
Other Free Reserve	-
Less: Fictitious Assets	-
Less: Intangible Assets	10,736,072
Less: Deferred Tax Assets	56,375,864
Less: Investment in equity in licensed Financial Institutions	51,023,000
Total Core Capital (Tier I)	14,516,218,548

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

Supplementary Capital (Tier 2)	Amount
General loan loss provision	997,899,859
Exchange Equalization Reserve	2,789,931
Investment Adjustment Reserve	2,131,943
Total Core Capital (Tier II)	1,002,821,733

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	10,736,072
Deferred Tax Assets	56,375,864
Investment in equity in licensed Financial Institutions	51,023,000
Total Deduction from Tier I Capital	118,134,936

5. Total Qualifying Capital:

Total Qualifying Capital	Amount
Core Capital (Tier 1)	14,516,218,548
Supplementary Capital (Tier 2)	1,002,821,733
Total qualifying capital	15,519,040,281

6. Capital Adequacy Ratio:

Capital Adequacy Ratio	Percentage
Tier 1 Capital to Total Risk Weighted Exposures	12.37%
Tier 1 & Tier 2 Capital to Total Risk Weighted Exposures	13.23%

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

Risk Weighted Exposures	Amount
Risk weighted Exposures for Credit Risk	107,044,488,885
Risk weighted Exposures for Operational Risk	5,134,135,584
Risk weighted exposures for Market Risk	58,793,113
Total Risk Weighted Exposures (Before adjustments of Pillar II)	112,237,417,582
<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.	1,699,011,900
Overall risk management policies and procedures are not satisfactory. Add 3% of RWE	3,367,122,527
If desired level of disclosure requirement has not been achieved, Add.....% of RWE	-
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	117,303,552,009

8. Risk weighted exposure under each of 11 categories

Credit Risk	Claim	RWE
Claims on Govt. and Central Bank	15,621,142,404	-
Claims on Other Financial Entities	-	-
Claims on Banks	10,495,298,698	3,448,687,236
Claims on Corporate and Securities Firm	49,049,834,570	48,691,253,345
Claims on Regulatory Retail Portfolio	15,140,533,383	9,166,405,351
Claims on Secured by Residential Properties	5,304,574,160	3,202,995,816
Claims on Secured by Commercial Real Estate	4,794,743,269	4,794,743,269
Past due Claims	1,829,132,070	1,759,953,409
High Risk Claims	3,945,984,500	2,885,523,009
Lending against Securities (Bond & Shares)	1,546,232,031	1,543,181,313
Other Assets	4,243,346,986	2,303,459,899
Off Balance Sheet Items	58,120,296,023	29,248,286,238
Total	170,091,118,094	107,044,488,885

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	2,196,337,524	-	-	2,196,337,524	0%	-
Balance with Nepal Rastra Bank	4,097,379,630	-	-	4,097,379,630	0%	-
Gold	32,638,022	32,638,022	-	-	0%	-
Investment in Nepalese Government Securities	9,155,412,200	-	-	9,155,412,200	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	4,903,986,232	-	-	4,903,986,232	20%	980,797,246
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)	984,769,804	-	-	984,769,804	20%	196,953,961
Claims on Foreign Bank (ECA 2)	4,530,907,977	-	-	4,530,907,977	50%	2,265,453,988
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	27,410,201	-	-	27,410,201	20%	5,482,040
Claims on Domestic Corporate	49,049,834,570	-	358,581,225	48,691,253,345	100%	48,691,253,345
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)	15,140,533,383	-	2,918,659,582	12,221,873,801	75%	9,166,405,351
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-
Claims secured by residential properties	5,184,991,471	-	-	5,184,991,471	60%	3,110,994,882
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	119,582,690	27,581,756	-	92,000,934	100%	92,000,934
Claims secured by Commercial real estate	4,794,743,269	-	-	4,794,743,269	100%	4,794,743,269
Past due claims (except for claim secured by residential properties)	1,829,132,070	655,829,797	-	1,173,302,273	150%	1,759,953,409
High Risk claims	3,945,984,500	-	2,022,302,494	1,923,682,006	150%	2,885,523,009
Lending against Securities(Bond & Shares)	1,546,232,031	-	3,050,719	1,543,181,313	100%	1,543,181,313
Investments in equity & other capital instruments of institutions listed in the stock exchange	608,468,557	-	-	608,468,557	100%	608,468,557

Investments in equity & other capital instruments of institutions not listed in the stock exchange	24,865,440	-	-	24,865,440	150%	37,298,160
Staff loan secured by residential property	164,815,644	-	-	164,815,644	50%	82,407,822
Interest Receivable/claim on government securities	82,382,887	82,382,887	-	-	0%	-
Cash in transit and other cash items in the process of collection	310,200,382	-	-	310,200,382	20%	62,040,076
Other Assets (as per attachment)	3,052,614,076	1,539,368,793	-	1,513,245,283	100%	1,513,245,283
TOTAL	111,970,822,071	2,386,025,739	5,302,594,019	104,282,202,313		77,796,202,647

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	4,465,112,818	-	-	4,465,112,818	10%	446,511,282
LC Commitments with Original Maturity upto 6 months (domestic counterparty)	3,748,514,789	-	138,098,373	3,610,416,416	20%	722,083,283
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)	4,067,447,343	-	112,122,312	3,955,325,031	50%	1,977,662,515
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)	27,251,791,837	-	1,247,284,311	26,004,507,525	50%	13,002,253,763
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	10,648,517,874	-	23,071,453	10,625,446,421	100%	10,625,446,421
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsement	204,211,440	-	-	204,211,440	100%	204,211,440
Unpaid portion of partly paid shares and securities	-	-	-	-	100%	-
Irrevocable Credit commitments (Short term)	5,979,000,591	-	-	5,979,000,591	20%	1,195,800,118
Irrevocable Credit commitments (Long term)	1,624,720,832	-	-	1,624,720,832	50%	812,360,416
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	130,978,500	-	-	130,978,500	200%	261,957,000
Total	58,120,296,023	-	1,520,576,449	56,599,719,574		29,248,286,238
Total RWE for credit risk Before Adjustment (A)+(B)	170,091,118,094	2,386,025,739	6,823,170,468	160,881,921,887		107,044,488,885
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)	170,091,118,094	2,386,025,739	6,823,170,468	160,881,921,887		107,044,488,885

ii. Risk Weighted Exposure of Operational Risk

Particulars	Year 1	Year 2	Year 3
Net Interest Income	1,931,054,278	2,665,915,437	3,584,607,187
Commission and Discount Income	725,657,786	666,788,096	766,872,082
Other Operating Income	184,185,328	153,885,690	67,075,129
Exchange Fluctuation Income	122,512,091	185,077,297	237,775,405
Additional Interest Suspense during the period	(16,505,561)	4,990,560	16,337,102
Gross Income (a)	2,946,903,922	3,676,657,081	4,672,666,905
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a*b)]	442,035,588	551,498,562	700,900,036
Capital Requirement for operational risk (d) (average of c)			564,811,395
Risk Weight (reciprocal of capital requirement of 11%) in times (e)			9.09
Equivalent Risk Weight Exposure[f=(d*e)]			5,134,135,584
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]			5,134,135,584

iii. Risk Weighted Exposure of Market Risk

Currency	Open Position (FCY)	Exchange Rate	Open Position (NPR)	Relevant Open Position
INR	58,174,251	1.60	93,078,801	93,078,801
USD	204,286	113.15	23,114,969	23,114,969
GBP	26,329	146.29	3,851,626	3,851,626
EUR	20,427	125.60	2,565,646	2,565,646
THB	11,998	3.73	44,753	44,753
CHF	3,477	116.11	403,765	403,765
AUD	16,485	77.88	1,283,836	1,283,836
CAD	10,451	86.26	901,489	901,489
SGD	3,110	83.67	260,172	260,172
JPY	1,210,707	1.02	1,240,733	1,240,733
HKD	3,129	14.55	45,521	45,521
DKK	48,645	16.79	816,750	816,750
SEK	452	11.92	5,387	5,387
SAR	14,246	29.92	426,228	426,228
QAR	6,031	30.83	185,932	185,932
AED	4,898	30.56	149,672	149,672
MYR	16,820	27.61	464,398	464,398
KRW	63,291	0.10	6,158	6,158
CNY	24,564	16.41	403,103	403,103
KWD	295	369.37	108,847	108,847
BHD	-	297.78	-	-
Total Open Position (a)			129,357,785	129,357,785
Fixed Percentage (b)			-	5%
Capital Charge for Market Risk [c=(a*b)]				6,467,889
Risk Weight (reciprocal of capital requirement of 11%) in times (d)				9.09
Equivalent Risk Weight Exposure [e=(c*d)]				58,793,113

10. Amount of NPAs

Classification of Loan	Gross NPA	Net NPA
Restructured/Rescheduled Loan	Nil	Nil
Sub-Standard Loan	591,061,422	443,296,066
Doubtful Loan	206,667,288	103,333,644
Loss Loan	432,186,554	-

11. NPA ratios

Gross NPA to Gross Loan & Advance	1.45%
Net NPA to Net Loan & Advances	0.66%

12. Movement of Non-performing Assets

Particulars	Opening Balance	Closing Balance	Difference
Sub-standard Loan	325,984,438	591,061,422	265,076,984
Doubtful Loan	237,617,693	206,667,288	(30,950,405)
Loss Loan	380,986,686	432,186,554	51,199,867

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	791,895,003	798,263,958	0.80%
Watch list	137,274,041	199,635,900	45.43%
Sub-standard Loan	81,496,110	147,765,355	81.32%
Doubtful Loan	118,808,846	103,333,644	-13.03%
Loss Loan	380,986,686	432,186,554	13.44%
Personal Guarantee	125,863	126,000	0.11%

ii. Movement of Interest Suspense

Particulars	Opening Balance	Closing Balance	% Change
Interest Suspense	721,431,621	744,905,028	3.25%

15. Details of additional loan loss provisions

Particulars	Opening Balance	Closing Balance	Additional Provision
Pass Loan	791,895,003	798,263,958	6,368,955
Watch List	137,274,041	199,635,900	62,361,860
Sub-standard Loan	81,496,110	147,765,355	66,269,246
Doubtful Loan	118,808,846	103,333,644	(15,475,202)
Loss Loan	380,986,686	432,186,554	51,199,867
Personal Guarantee	125,863	126,000	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	13,149,827,941	
Treasury Bills	292,717,200	
Development Bond	8,862,695,000	
Money at Call	48,224,484	
Other Investments	3,946,191,257	
Available for sale		
Particulars	Cost Price	Fair Value
BANKING FINANCE AND INSURANCE INSTITUTE OF NEPAL LTD	3,000,000	3,000,000
CITIZEN MUTUAL FUND	10,000,000	9,330,000
GLOBAL IME SAMUNNAT SCHEME-1	37,978,706	28,370,074
LAXMI EQUITY FUND	58,455,870	45,011,020
NABIL EQUITY FUND	11,377,680	9,284,187
NECO INSURANCE COMPANY LTD.	172,866,982	118,536,566
NEPAL CLEARING HOUSE LTD.	2,700,000	5,365,440
NEPAL DOORSANCHAR CO.LTD (NTC)	96,080,736	92,554,920
NEPAL ELECTRONIC PAYMENT SYSTEM LTD	15,000,000	15,000,000
NEPAL LIFE INSURANCE COMPANY LTD	2,859,512	2,754,000
NERUDE LAGHUBITTA LTD.-PROMOTER	13,386,254	148,582,296
NIBL PRAGATI FUND	10,298,322	7,486,880
NLG INSURANCE CO.LTD	134,035,173	120,754,900
NMB HYBIRD FUND	12,793,868	11,463,057
PRABHU CAPITAL LIMITED	1,500,000	1,500,000
SANIMA EQUITY FUND	5,000,000	4,550,000
SIDDHARTHA EQUITY FUND	9,677,480	8,922,637
SOALTEE HOTEL LIMITED	928,557	868,020
Grand Total	597,939,139	633,333,997
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