

PRIME COMMERCIAL BANK LIMITED
Disclosures under BASEL II as at 30.06.2068

1. Capital Structure and Capital Adequacy

• **Tier 1 Capital and a breakdown of its components:**

	Core Capital (Tier I)	Amount (Rs.)
a	Paid up Capital	2,245,746,000.00
b	Statutory General Reserve	171,168,873.00
c	Retained Earnings	65,532,101.00
d	Unaudited Current Year Profit	57,294,677.58
e	Other Free Reserve (Deferred Tax Reserve)	4,307,313.00
	Sub- Total	2,544,048,964.58
	Less : Fictitious Assets	-
	Total Core Capital (Tier I)	2,544,048,964.58

• **Tier 2 Capital and a breakdown of its components:**

Supplementary Capital (Tier 2)	Amount (Rs.)
General Loan Loss Provision	174,486,191.38
Exchange Equalization Reserve	75,734.05
Investment Adjustment Reserve	28,000.00
Total Supplementary Capital (Tier II)	174,589,925.43

- **Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, amount eligible to be reckoned as capital funds:** Nil
- **Deductions from Capital** Nil
- **Total Qualifying Capital** 2,718,638,890.00
- **Capital Adequacy Ratio** 14.74%

2. Risk Exposures

Risk weighted exposures for Credit Risk, Market Risk and Operational Risk

	Risk Weighted Exposure	Amount (Rs.)
a	Risk weighted exposure for Credit Risk	16,992,860,190.23
b	Risk weighted exposure for Operational Risk	995,099,192.88
c	Risk weighted exposure for Market Risk	65,834,543.25

- **Risk Weighted Exposure under each of 11 categories**

	Credit Risk	Claim	RWE
1	Claims on Govt. and Central Bank	695,094,939.99	-
2	Claims on other Financial Entities	-	-
3	Claims on Banks	1,115,059,789.04	319,891,862.12
4	Claims on Corporate and Securities Firm	8,535,637,977.04	8,406,766,904.69
5	Claims on Regulatory Retail Portfolio	1,849,137,564.62	694,026,803.04
6	Claims Secured by Residential Properties	1,036,086,303.24	625,677,731.04
7	Claims Secured by Commercial Real Estate	2,652,301,320.55	2,652,301,320.55
8	Past due Claims	129,629,256.31	98,552,487.75
9	High Risk Claims	2,861,517,338.87	2,195,878,500.60
10	Other Assets	736,776,866.08	500,823,471.97
11	Off Balance Sheet Items	3,405,663,975.97	1,498,941,108.48

- **Total Risk weighted exposure calculation table:**

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	850,474,212.57		-	850,474,212.57	0%	-
Balance with Nepal Rastra Bank	3,506,073,512.59		-	3,506,073,512.59	0%	-
Investment in Nepalese Government Securities	577,292,440.00		-	577,292,440.00	0%	-
All claims on Government of Nepal	117,802,499.99		-	117,802,499.99	0%	-
Investment in Nepal Rastra Bank securities			-	-	0%	-
All claims on Nepal Rastra Bank			-	-	0%	-
Claims on Foreign Governmnet and Central Bank(ECA rating 0-1)			-	-	0%	-
Claims on Foreign Governmnet and Central Bank(ECA rating 2)			-	-	20%	-
Claims on Foreign Governmnet and Central Bank(ECA rating 3)			-	-	50%	-
Claims on Foreign Governmnet and Central Bank(ECA rating 4-6)			-	-	100%	-
Claims on Foreign Governmnet 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	829,200,028.64		-	829,200,028.64	20%	165,840,005.73
Claims on Domestic banks that do not meet capital adequacy requirements	119,866,899.99		-	119,866,899.99	100%	119,866,899.99
Claims on Foreign Bank (ECA 0-1)	151,433,160.78		-	151,433,160.78	20%	30,286,632.16
Claims on Foreign Bank (ECA 2)	3,287,947.72		-	3,287,947.72	50%	1,643,973.86
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	11,271,751.91		-	11,271,751.91	20%	2,254,350.38
Claims on Domestic Corporates	8,535,637,977.04		128,871,072.35	8,406,766,904.69	100%	8,406,766,904.69
Claims on Foreign Corporates (ECA 0-1)			-	-	20%	-
Claims on Foreign Corporates (ECA 2)			-	-	50%	-
Claims on Foreign Corporates (ECA3-6)			-	-	100%	-
Claims on Foreign Corporates (ECA 7)			-	-	150%	-
Regulatory Retail Portfolio (Not Overdue)	1,801,010,414.26		914,011,144.02	886,999,270.24	75%	665,249,452.68
Claims fulfilling all criterion of regulatory retail except granularity	48,127,150.36		19,349,800.00	28,777,350.36	100%	28,777,350.36
Claims secured by residential properties	1,021,049,558.16		-	1,021,049,558.16	60%	612,629,734.90
Claims not fully secured by residential properties			-	-	150%	-
Claims secured by residential properties (Overdue)	15,036,745.08	1,988,748.94	-	13,047,996.15	100%	13,047,996.15
Claims secured by Commercial real estate	2,652,301,320.55		-	2,652,301,320.55	100%	2,652,301,320.55
Past due claims (except for claim secured by residential properties)	129,629,256.31	63,927,597.81	-	65,701,658.50	150%	98,552,487.75
High Risk claims	2,861,517,338.87	123,793.11	1,397,474,545.36	1,463,919,000.40	150%	2,195,878,500.60
Investments in equity & other capital instruments of institutions listed in the stock exchange			-	-	100%	-
Investments in equity & other capital instruments of institutions not listed in the stock exchange	3,900,000.00		-	3,900,000.00	150%	5,850,000.00
Other Assets (as per attachment)	732,876,866.08	237,903,394.11	-	494,973,471.97	100%	494,973,471.97
TOTAL	23,967,789,080.90	303,943,533.97	2,459,706,561.73	21,204,138,985.20		15,493,919,081.75

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					10%	
LC Commitments with Original Maturity upto 6 months (domestic counterparty)	618,968,529.72	-	22,097,110.47	596,871,419.25	20%	119,374,283.85
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)	-	-	-	-	50%	-
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)	1,198,496,916.25	-	60,244,946.45	1,138,251,969.80	50%	569,125,984.90
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	918,167,981.72	-	270,966,999.99	647,200,981.73	100%	647,200,981.73
Financial Guarantee	545,000.00	-	54,500.00	490,500.00	100%	490,500.00
Acceptances and Endorsement		-		-	100%	-
Unpaid portion of partly paid shares and securities	12,600,000.00	-		12,600,000.00	100%	12,600,000.00
Irrevocable Credit commitments (Short term)	594,311,387.12	-		594,311,387.12	20%	118,862,277.42
Irrevocable Credit commitments (Long term)	62,574,161.16	-		62,574,161.16	50%	31,287,080.58

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	-			-	200%	-
Total	3,405,663,975.97	-	353,363,556.91	3,052,300,419.05		1,498,941,108.48
Total RWE for credit risk Before Adjustment (A)+(B)	27,373,453,056.87	303,943,533.97	2,813,070,118.64	24,256,439,404.25		16,992,860,190.23
<i>Adjustment under Pillar II</i>						
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)	27,373,453,056.87	303,943,533.97	2,813,070,118.64	24,256,439,404.25	-	16,992,860,190.23

Other Contingent Liabilities										-
Total	83,301,056.92	-	-	-	-	-	-	-	270,062,499.99	353,363,556.91
Grand Total	210,826,554.46	-	2,332,181,064.19	-	-	-	-	-	270,062,499.99	2,813,070,118.64

- Risk Weighted Exposure for Operational Risk

Particulars	Year 1	Year 2	Year 3
Net Interest Income	258,029,890.08	556,783,886.00	696,629,518.26
Commission and Discount Income	21,515,908.47	25,662,272.43	46,341,236.82
Other Operating Income	81,789,918.22	129,949,575.66	105,374,760.27
Exchange Fluctuation Income	10,961,165.01	21,772,254.00	15,471,028.26
Additional Interest Suspense during the period	1,417,016.00	6,670,583.00	11,829,373.27
Gross Income (a)	373,713,897.78	740,838,571.09	875,645,916.88
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a*b)]	56,057,084.67	111,125,785.66	131,346,887.53
Capital Requirement for operational risk (d) (average of c)			99,509,919.29
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10.00
Equivalent Risk Weight Exposure[f=(d*e)]			995,099,192.88
<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 10%) in times			
Equivalent Risk Weight Exposure[g]			
Equivalent Risk Weight Exposure [h=f+g]			995,099,192.88

- **Risk Weighted Exposure for Market Risk**

Currency	Open Position (FCY)	Open Position (NPR)	Relevant Open Position
INR	15,255,805.45	24,409,288.72	24,409,288.72
USD	(687,351.95)	(53,475,981.38)	53,475,981.38
EURO	378,757.68	40,614,845.00	40,614,845.00
GBP	10,518.45	1,286,750.38	1,286,750.38
CHF	10.06	870.65	870.65
AUD	7,940.67	633,290.85	633,290.85
CAD	256.56	19,684.72	19,684.72
SGD	284.53	17,496.48	17,496.48
JPY	8,209,603.54	8,232,884.19	8,232,884.19
CNY	13,388.21	163,145.51	163,145.51
SAR	57,096.44	1,175,066.18	1,175,066.18
QAR	12,322.93	261,147.36	261,147.36
THB	20,858.95	52,912.50	52,912.50
AED	32,879.45	690,834.38	690,834.38
MYR	3,606.09	89,668.20	89,668.20
SEK	40,486.42	474,660.00	474,660.00
DKK	2,000.30	28,760.00	28,760.00
HKD	4,180.27	41,800.00	41,800.00
KRW	-	-	-
Total Open Position (a)			131,669,086.50
Fixed Percentage (b)			5%
Capital Charge for Market Risk [c=(a*b)]			6,583,454.33
Risk Weight (reciprocal of capital requirement of 10%) in times (d)			10.00
Equivalent Risk Weight Exposure [e=(c*d)]			65,834,543.25

- **Amount of NPAs**

	Gross NPA	Net NPA
➤ Restructured/ Rescheduled Loan	Nil	Nil
➤ Sub- Standard Loan	66,509,343.43	49,882,007.57
➤ Doubtful Loan	38,636,084.58	19,318,042.29
➤ Loss Loan	29,970,968.60	Nil

- **NPA Ratios**

Gross NPA to Gross Advances	0.77%
Net NPA to Net Advances	28.77%

- **Movement of Non Performing Assets**

Particulars	Opening Balance	Closing Balance	Movement
Sub- Standard Loan	66,822,776.00	66,509,343.43	15,589,582.71
Doubtful Loan	-	38,636,084.58	
Loss Loan	30,270,968.60	29,970,968.60	100%

- **Write off of Loans and Interest Suspense** Nil

- **Movement in Loan Loss Provisions and Interest Suspense**

Loan Loss Provisions

Particulars	Opening Balance	Closing Balance	Movement
Pass Loan	170,142,146.63	174,486,191.38	2.55%
Sub- Standard Loan	16,705,694.00	16,627,335.86	-0.47%
Doubtful Loan	-	19,318,042.29	-
Loss Loan	30,270,968.60	29,970,968.60	-0.99%
Personal Guarantee	123,989.37	123,793.11	-0.16%

Interest Suspense

Particulars	Opening Balance	Closing Balance	Movement
Interest Suspense	30,573,177.66		

- **Details of additional Loan Loss Provisions**

Particulars	Opening Balance	Closing Balance	Movement
Pass Loan	170,142,146.63	174,486,191.38	4,344,044.75
Sub- Standard Loan	16,705,694.00	16,627,335.86	-78,358.14
Doubtful Loan	-	19,318,042.29	19,318,042.29
Loss Loan	30,270,968.60	29,970,968.60	-300,000.00
Personal Guarantee	123,989.37	123,793.11	-196.26

- **Segregation of investment portfolio into Held for Trading, Held to Maturity and Available for Sale Category**

	Rs.
a. Held for Trading	Nil
b. Held to Maturity	
Treasury Bills	577,292,440.00
Placement with Foreign Banks	154,564,944.48
Other Investments	511,068,078.38
c. Available for Sale	
Nepal Clearing House Ltd.	2,500,000.00
Mahila Sahayatri Microfinance Development Bank Ltd.	1,400,000.00

- **Summary of the Bank's Internal Approach to assess the adequacy of its capital to support current and future activities:**

- Internal Audit department regularly monitors the adequacy of the capital.
- The capital adequacy is also monitored by the management and Board of Directors on periodic basis.

- **Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments**

Nil