

PRIME COMMERCIAL BANK LIMITED

Disclosures under BASEL II as at 30.09.2068

Amount in NPR

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

Core Capital (Tier 1)	Amount
Paid up Equity Share Capital	2,245,746,000
Statutory General Reserves	171,168,873
Retained Earnings	65,532,101
Un-audited current year cumulative profit	70,314,405
Other Free Reserve	4,307,313
Less: Fictitious Assets	
Total Core Capital (Tier I)	2,557,068,692

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

Supplementary Capital (Tier 2)	Amount
General loan loss provision	186,515,886
Exchange Equalization Reserve	75,734
Investment Adjustment Reserve	28,000
Total Core Capital (Tier II)	186,619,620

3. Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, amount eligible to be reckoned as capital funds:

Nil

4. Deductions from Capital:

Nil

5. Total Qualifying Capital:

Total Qualifying Capital	Amount
Core Capital (Tier 1)	2,557,068,692
Core Capital (Tier 2)	186,619,620
Total qualifying capital	2,743,688,312

6. Capital Adequacy Ratio:

Capital Adequacy Ratio	Percentage
Tier 1 Capital to Total Risk Weighted Exposures	13.08
Tier 1 & Tier 2 Capital to Total Risk Weighted Exposures	14.03

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

Risk Weighted Exposures	Amount
Risk weighted Exposures for Credit Risk	17,837,099,236
Risk weighted Exposures for Operational Risk	995,099,193
Risk weighted exposures for Market Risk	243,861,306

8. Risk weighted exposure under each of 11 categories

Credit Risk	Claim	RWE
Claims on Govt. and Central Bank	4,502,164,729	-
Claims on Other Financial Entities	-	-
Claims on Banks	1,704,761,837	422,110,245
Claims on Corporate and Securities Firm	9,032,351,554	9,032,351,554
Claims on Regulatory Retail Portfolio	795,373,370	601,370,809
Claims on Secured by Residential Properties	1,072,371,287	649,729,579
Claims on Secured by Commercial Real Estate	2,684,245,745	2,684,245,745
Past due Claims	93,195,871	139,793,806
High Risk Claims	1,501,278,066	2,251,917,100
Other Assets	345,526,027	347,476,027
Off Balance Sheet Items	3,748,217,579	1,708,104,371
Total	25,479,486,066	17,837,099,236

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	827,960,498	-	-	827,960,498	0%	-
Balance with Nepal Rastra Bank	2,986,079,994	-	-	2,986,079,994	0%	-
Investment in Nepalese Government Securities	570,321,737	-	-	570,321,737	0%	-
All claims on Government of Nepal	117,802,500	-	-	117,802,500	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	1,084,357,605	-	-	1,084,357,605	20%	216,871,521
Claims on Domestic banks that do not meet capital adequacy requirements	98,342,934	-	-	98,342,934	100%	98,342,934
Claims on Foreign Bank (ECA 0-1)	493,039,505	-	-	493,039,505	20%	98,607,901
Claims on Foreign Bank (ECA 2)	8,278,435	-	-	8,278,435	50%	4,139,217
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	20,743,358	-	-	20,743,358	20%	4,148,672
Claims on Domestic Corporate	9,191,607,299	-	159,255,745	9,032,351,554	100%	9,032,351,554

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)	1,651,868,594	-	875,858,349	776,010,245	75%	582,007,684
Claims fulfilling all criterion of regulatory retail except granularity	115,743,925	-	96,380,800	19,363,125	100%	19,363,125
Claims secured by residential properties	1,056,604,269	-	-	1,056,604,269	60%	633,962,562
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	16,464,029	697,012	-	15,767,018	100%	15,767,018
Claims secured by Commercial real estate	2,684,245,745	-	-	2,684,245,745	100%	2,684,245,745
Past due claims (except for claim secured by residential properties)	267,547,626	174,351,755	-	93,195,871	150%	139,793,806
High Risk claims	3,304,863,155	125,798	1,803,459,291	1,501,278,066	150%	2,251,917,100
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	-	-	3,900,000	150%	5,850,000
Other Assets (as per attachment)	653,167,675	311,541,648	-	341,626,027	100%	341,626,027
TOTAL	25,152,938,884	486,716,212	2,934,954,185	21,731,268,487		16,128,994,865

	Book Value (a)	Specific provisions (b)	Eligible CRM (c)	Net Value (d=a-b-c)	Risk weight (e)	Risk Weighted Exposures (f=d*e)
B. Off-Balance Sheet Exposures						
Revocable Commitments	-	-	-	-	0%	-
Bills under Collection	-	-	-	-	0%	-
Forward exchange contract liabilities	-	-	-	-	10%	-
LC Commitments with Original Maturity upto 6 months (domestic counterparty)	1,122,011,111	-	51,920,758	1,070,090,353	20%	214,018,071
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)	1,293,952,689	-	65,945,056	1,228,007,633	50%	614,003,817
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	1,007,837,459	-	301,991,246	705,846,214	100%	705,846,214
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsement	-	-	-	-	100%	-
Unpaid portion of partly paid shares and securities	6,300,000	-	-	6,300,000	100%	6,300,000
Irrevocable Credit commitments (Short term)	682,668,065	-	-	682,668,065	20%	136,533,613
Irrevocable Credit commitments (Long term)	52,805,314	-	-	52,805,314	50%	26,402,657
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	2,500,000	-	-	2,500,000	200%	5,000,000
Total	4,168,074,638	-	419,857,060	3,748,217,579	21.30	1,708,104,371
Total RWE for credit risk Before Adjustment (A)+(B)	29,321,013,522	486,716,212	3,354,811,244	25,479,486,066	21.30	17,837,099,236
<u>Adjustment under Pillar II</u>						
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)	29,321,013,522	486,716,212	3,354,811,244	25,479,486,066	21.30	17,837,099,236

ii. Risk Weighted Exposure of Operational Risk

Particulars	Year 1	Year 2	Year 3
Net Interest Income	258,029,890	556,783,886	696,629,518
Commission and Discount Income	21,515,908	25,662,272	46,341,237
Other Operating Income	81,789,918	129,949,576	105,374,760
Exchange Fluctuation Income	10,961,165	21,772,254	15,471,028
Additional Interest Suspense during the period	1,417,016	6,670,583	11,829,373
Gross Income (a)	373,713,898	740,838,571	875,645,917
Alfa (b)	0	0	0
Fixed Percentage of Gross Income [c=(a*b)]	56,057,085	111,125,786	131,346,888
Capital Requirement for operational risk (d) (average of c)			99,509,919
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10
Equivalent Risk Weight Exposure[f=(d*e)]			995,099,193
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			-
Equivalent Risk Weight Exposure[g]			-
Equivalent Risk Weight Exposure [h=f+g]			995,099,193

iii. Risk Weighted Exposure of Market Risk

Currency	Open Position (FCY)	Open Position (NPR)	Relevant Open Position
INR	280,175,257	448,280,412	448,280,412
USD	(83,988)	(6,899,618)	6,899,618
EURO	182,669	18,949,875	18,949,875
GBP	17,424	2,185,003	2,185,003
CHF	-	-	-
AUD	1,535	129,396	129,396
CAD	1,836	146,721	146,721
SGD	2,067	130,803	130,803
JPY	8,454,035	9,004,265	9,004,265
CNY	5,608	72,875	72,875
SAR	16,750	364,004	364,004
QAR	5,556	124,341	124,341
THB	17,020	43,816	43,816
AED	24,265	538,317	538,317
MYR	4,990	129,591	129,591
SEK	40,502	474,660	474,660
DKK	7,650	106,641	106,641
HKD	11,498	121,555	121,555
KRW	291,411	20,721	20,721
Total Open Position (a)			487,722,612
Fixed Percentage (b)			0
Capital Charge for Market Risk [c=(a*b)]			24,386,131
Risk Weight (reciprocal of capital requirement of 10%) in times (d)			10
Equivalent Risk Weight Exposure [e=(c*d)]			243,861,306

10. Amount of NPAs

Classification of Loan	Gross NPA	Net NPA
Restructured/Rescheduled Loan	Nil	Nil
Sub-Standard Loan	40,295,049	30,221,286
Doubtful Loan	11,375,932	5,687,966
Loss Loan	159,287,038	-

11. NPA ratios

Gross NPA to Gross Advance	1.12%
Net NPA to Net Advances	0.19%

12. Movement of Non-performing Assets

Particulars	Opening Balance	Closing Balance	Difference
Sub-standard Loan	66,509,343	40,295,049	26,214,295
Doubtful Loan	38,636,085	11,375,932	27,260,153
Loss Loan	29,970,969	159,287,038	(129,316,070)

13. Write off of loans and interest suspense

Nil

14. Movements in loan loss provisions and Interest suspense**i. Movement of Loan Loss Provision**

Particulars	Opening Balance	Closing Balance	% Change
Pass Loan	174,486,191	186,515,886	6.89%
Sub-standard Loan	16,627,336	10,073,762	-39.41%
Doubtful Loan	19,318,042	5,687,966	-70.56%
Loss Loan	29,970,969	159,287,038	431.47%
Personal Guarantee	123,793	125,798	1.62%

ii. Movement of Interest Suspense

Particulars	Opening Balance	Closing Balance	% Change
Interest Suspense	70,798,971	81,406,928	14.98%

15. Details of additional loan loss provisions

Particulars	Opening Balance	Closing Balance	Additional Provision
Pass Loan	174,486,191	186,515,886	12,029,694
Sub-standard Loan	16,627,336	10,073,762	(6,553,574)
Doubtful Loan	19,318,042	5,687,966	(13,630,076)
Loss Loan	29,970,969	159,287,038	129,316,070
Personal Guarantee	123,793	125,798	2,005

16. Segregation of investment portfolio into held for trading, held to maturity and available for sale category

Investment Portfolio	Amount
Held for Trading	-
Held to Maturity	1,351,786,188
Treasury Bills	570,321,737
Money at Call	575,444,476
Placement with Foreign Banks	6,019,975
Other Investments	200,000,000
Available for sale	10,200,000
Nepal Clearing House Ltd.	2,500,000
Mahila Sahayatri Microfinance Dev. Bank Ltd.	7,700,000

17. Summary of the bank's internal approach to assess the adequacy of its capital to support current and future activities:

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

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

Nil