

PRIME COMMERCIAL BANK LIMITED

Disclosures under BASEL II as at 30.12.2068

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	171,117,561
Other Free Reserve	4,307,313
Less: Fictitious Assets	-
Total Core Capital (Tier I)	2,657,871,848

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

Supplementary Capital (Tier 2)	Amount
General loan loss provision	189,390,913
Exchange Equalization Reserve	75,734
Investment Adjustment Reserve	28,000
Total Core Capital (Tier II)	189,494,647

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)	2,657,871,848
Core Capital (Tier 2)	189,494,647
Total qualifying capital	2,847,366,495

6. Capital Adequacy Ratio:

Capital Adequacy Ratio	Percentage
Tier 1 Capital to Total Risk Weighted Exposures	13.10
Tier 1 & Tier 2 Capital to Total Risk Weighted Exposures	14.04

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

Risk Weighted Exposures	Amount
Risk weighted Exposures for Credit Risk	18,216,881,273
Risk weighted Exposures for Operational Risk	995,099,193
Risk weighted exposures for Market Risk	531,744,644

8. Risk weighted exposure under each of 11 categories

Credit Risk	Claim	RWE
Claims on Govt. and Central Bank	4,503,307,395	-
Claims on Other Financial Entities	-	-
Claims on Banks	1,290,865,470	264,470,853
Claims on Corporate and Securities Firm	9,185,023,719	9,185,023,719
Claims on Regulatory Retail Portfolio	836,758,997	630,017,291
Claims on Secured by Residential Properties	1,096,634,683	664,565,472
Claims on Secured by Commercial Real Estate	2,629,809,964	2,629,809,964
Past due Claims	54,870,452	82,305,678
High Risk Claims	1,536,710,785	2,305,066,178
Other Assets	485,746,440	490,846,440
Off Balance Sheet Items	3,609,366,525	1,964,775,679
Total	25,229,094,429	18,216,881,273

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	841,061,953	-	-	841,061,953	0%	-
Balance with Nepal Rastra Bank	3,123,729,505	-	-	3,123,729,505	0%	-
Investment in Nepalese Government Securities	420,713,437	-	-	420,713,437	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	915,555,899	-	-	915,555,899	20%	183,111,180
Claims on Domestic banks that do not meet capital adequacy requirements	11,806,068	6,139,591	-	5,666,477	100%	5,666,477
Claims on Foreign Bank (ECA 0-1)	354,010,578	-	-	354,010,578	20%	70,802,116
Claims on Foreign Bank (ECA 2)	5,881,925	-	-	5,881,925	50%	2,940,963
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	9,750,591	-	-	9,750,591	20%	1,950,118
Claims on Domestic Corporate	9,357,795,580	-	172,771,861	9,185,023,719	100%	9,185,023,719
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)	1,755,050,370	-	928,083,543	826,966,827	75%	620,225,120
Claims fulfilling all criterion of regulatory retail except granularity	38,799,170	-	29,007,000	9,792,170	100%	9,792,170
Claims secured by residential properties	1,080,173,026	-	-	1,080,173,026	60%	648,103,816
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	21,948,875	5,487,219	-	16,461,656	100%	16,461,656
Claims secured by Commercial real estate	2,629,809,964	-	-	2,629,809,964	100%	2,629,809,964
Past due claims (except for claim secured by residential properties)	217,649,460	162,779,008	-	54,870,452	150%	82,305,678
High Risk claims	3,511,159,576	126,000	1,974,322,791	1,536,710,785	150%	2,305,066,178
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	10,200,000	-	-	10,200,000	150%	15,300,000
Other Assets (as per attachment)	783,388,085	307,841,646	-	475,546,440	100%	475,546,440
TOTAL	25,206,286,564	482,373,464	3,104,185,195	21,619,727,905		16,252,105,594

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)	568,642,107	-	32,690,385	535,951,723	20%	107,190,345
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)	245,145,088	-	5,957,543	239,187,545	50%	119,593,773
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)	1,325,534,702	-	69,629,223	1,255,905,480	50%	627,952,740
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	1,042,641,745	-	59,223,750	983,417,995	100%	983,417,995
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)	579,936,882	-	-	579,936,882	20%	115,987,376
Irrevocable Credit commitments (Long term)	8,666,900	-	-	8,666,900	50%	4,333,450
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	3,776,867,425	-	167,500,900	3,609,366,525		1,964,775,679
Total RWE for credit risk Before Adjustment (A)+(B)	28,983,153,988	482,373,464	3,271,686,095	25,229,094,429		18,216,881,273
<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)	28,983,153,988	482,373,464	3,271,686,095	25,229,094,429	0%	18,216,881,273

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	151,600,019	242,560,030	242,560,030
USD	9,237,642	762,105,458	762,105,458
EURO	132,944	14,417,307	14,417,307
GBP	52,111	6,861,393	6,861,393
CHF	497	44,808	44,808
AUD	3,071	263,592	263,592
CAD	169	13,942	13,942
SGD	5,833	383,682	383,682
JPY	35,036,280	35,689,506	35,689,506
CNY	8,585	112,293	112,293
SAR	14,462	318,136	318,136
QAR	6,933	157,068	157,068
THB	13,540	36,244	36,244
AED	9,358	210,195	210,195
MYR	3,855	103,659	103,659
SEK	-	-	-
DKK	7,651	110,160	110,160
HKD	9,658	101,816	101,816

KRW	-	-	-
Total Open Position (a)			1,063,489,288
Fixed Percentage (b)			0
Capital Charge for Market Risk [c=(a*b)]			53,174,464
Risk Weight (reciprocal of capital requirement of 10%) in times (d)			10
Equivalent Risk Weight Exposure [e=(c*d)]			531,744,644

10. Amount of NPAs

Classification of Loan	Gross NPA	Net NPA
Restructured/Rescheduled Loan	Nil	Nil
Sub-Standard Loan	95,109,478	71,332,108
Doubtful Loan	0	0
Loss Loan	144,488,858	0

11. NPA ratios

Gross NPA to Gross Advance	1.25%
Net NPA to Net Advances	0.38%

12. Movement of Non-performing Assets

Particulars	Opening Balance	Closing Balance	Difference
Sub-standard Loan	40,295,049	95,109,478	(54,814,429)
Doubtful Loan	11,375,932	-	11,375,932
Loss Loan	159,287,038	144,488,858	14,798,180

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	186,515,886	189,390,913	1.54%
Sub-standard Loan	10,073,762	23,777,369	136.03%
Doubtful Loan	5,687,966	-	-100.00%
Loss Loan	159,287,038	144,488,858	-9.29%
Personal Guarantee	125,798	126,000	0.16%

ii. Movement of Interest Suspense

Particulars	Opening Balance	Closing Balance	% Change
Interest Suspense	81,406,928	151,150,529	85.67%

15. Details of additional loan loss provisions

Particulars	Opening Balance	Closing Balance	Additional Provision
Pass Loan	186,515,886	189,390,913	2,875,027
Sub-standard Loan	10,073,762	23,777,369	13,703,607
Doubtful Loan	5,687,966	-	(5,687,966)
Loss Loan	159,287,038	144,488,858	(14,798,180)
Personal Guarantee	125,798	126,000	202

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	918,692,840.93
Treasury Bills	420,713,436.80
Money at Call	295,751,616.44
Placement with Foreign Banks	2,227,787.69
Other Investments	200,000,000.00
Available for sale	10,200,000.00
Nepal Clearing House Ltd.	2,500,000.00
Mahila Sahayatri Microfinance Dev. Bank Ltd.	7,700,000.00

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 periodically by the management and Board of Directors.

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