

PRIME COMMERCIAL BANK LIMITED

Disclosures under BASEL II as at 31.03.2069

Amount in NPR

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

Core Capital (Tier 1)	Amount (Rs.)
Paid up Equity Share Capital	2,245,746,000
Statutory General Reserves	-
Retained Earnings	580,754,160
Un-audited current year cumulative profit	-
Other Free Reserve	-
Less:Fictitious Assets	-
Total Core Capital (Tier I)	2,826,500,160

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

Supplementary Capital (Tier 2)	Amount
General loan loss provision	192,237,514
Exchange Equalisation Reserve	-
Investment Adjustment Reserve	287,000
Total Core Capital (Tier II)	192,524,514

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)	2,826,500,160
Core Capital (Tier 2)	192,524,514
Total qualifying capital	3,019,024,674

6. Capital Adequacy Ratio:

Capital Adequacy Ratio	Percentage
Tier 1 Capital to Total Risk Weighted Exposures	13.91%
Tier 1 & Tier 2 Capital to Total Risk Weighted Exposures	14.85%

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

Risk Weighted Exposures	Amount
Risk weighted Exposures for Credit Risk	18,552,472,617
Risk weighted Exposures for Operational Risk	995,099,193
Risk weighted exposures for Market Risk	361,050,479

8. Risk weighted exposure under each of 11 categories

Credit Risk	Claim	RWE
Claims on Govt. and Central Bank	7,309,098,189	-
Claims on Other Financial Entities	-	-
Claims on Banks	970,227,754	256,702,574
Claims on Corporate and Securities Firm	9,081,279,594	8,953,644,218
Claims on Regulatory Retail Portfolio	1,911,185,393	691,136,455
Claims on Secured by Residential Properties	1,135,325,996	692,036,010
Claims on Secured by Commercial Real Estate	2,508,116,562	2,508,116,562
Past due Claims	324,588,845	336,275,538
High Risk Claims	3,661,617,117	2,714,900,529
Other Assets	1,018,346,420	513,585,426
Off Balance Sheet Items	32,277,671,679	1,886,075,305
Total	60,197,457,548	18,552,472,617

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	1,277,678,971	-	-	1,277,678,971	0%	-
Balance with Nepal Rastra Bank	3,909,187,177	-	-	3,909,187,177	0%	-
Investment in Nepalese Government Securities	1,734,429,541	-	-	1,734,429,541	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	270,000,000	-	-	270,000,000	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	559,521,201	-	-	559,521,201	20%	111,904,240
Claims on Domestic banks that do not meet capital adequacy requirements	77,998,093	-	-	77,998,093	100%	77,998,093
Claims on Foreign Bank (ECA 0-1)	24,609,718	-	-	24,609,718	20%	4,921,944
Claims on Foreign Bank (ECA 2)	861,829	-	-	861,829	50%	430,914
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	307,236,913	-	-	307,236,913	20%	61,447,383
Claims on Domestic Corporate	9,081,279,594	-	127,635,376	8,953,644,218	100%	8,953,644,218
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)	1,901,596,353	-	992,866,466	908,729,887	75%	681,547,415
Claims fulfilling all criterion of regulatory retail except granularity	9,589,040	-	-	9,589,040	100%	9,589,040
Claims secured by residential properties	1,105,280,969	-	-	1,105,280,969	60%	663,168,581
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	30,045,028	1,177,599	-	28,867,429	100%	28,867,429
Claims secured by Commercial real estate	2,508,116,562	-	-	2,508,116,562	100%	2,508,116,562
Past due claims (except for claim secured by residential properties)	324,588,845	100,405,153	-	224,183,692	150%	336,275,538
High Risk claims	3,661,617,117	-	1,851,683,431	1,809,933,686	150%	2,714,900,529
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	16,850,000	-	-	16,850,000	150%	25,275,000
Other Assets (as per attachment)	1,001,496,420	513,185,994	-	488,310,426	100%	488,310,426
TOTAL	27,919,785,869	614,768,745	2,972,185,272	24,332,831,851		16,666,397,312

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)	700,724,628	-	37,203,552	663,521,077	20%	132,704,215
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)	104,479,802	-	3,845,640	100,634,162	50%	50,317,081
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)	1,524,442,525	-	71,806,116	1,452,636,409	50%	726,318,204
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	1,227,782,921	-	446,166,102	781,616,819	100%	781,616,819
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsement					100%	

		-		-		-
Unpaid portion of partly paid shares and securities		-		-	100%	-
Irrevocable Credit commitments (Short term)	729,196,607	-		729,196,607	20%	145,839,321
Irrevocable Credit commitments (Long term)	62,159,327	-		62,159,327	50%	31,079,664
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	9,100,000			9,100,000	200%	18,200,000
Total	4,357,885,810	-	559,021,410	3,798,864,400		1,886,075,305
Revocable Commitments	32,277,671,679	614,768,745	3,531,206,682	28,131,696,252		18,552,472,617
Total RWE for credit risk Before Adjustment (A)+(B)						
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)	32,277,671,679	614,768,745	3,531,206,682	28,131,696,252	-	18,552,472,617

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	191,426,148	306,281,837	306,281,837
USD	4,333,472	383,512,260	383,512,260
EURO	222,214	24,096,661	24,096,661
GBP	38,227	5,270,480	5,270,480
CHF	199	17,943	17,943
AUD	1,272	115,213	115,213
CAD	254	22,119	22,119
SGD	836	58,443	58,443
JPY	1,936,385	2,162,126	2,162,126
CNY	6,426	89,144	89,144
SAR	3,763	88,804	88,804
QAR	566	13,751	13,751
THB	2,399	6,700	6,700
AED	1,801	43,406	43,406
MYR	2,204	61,233	61,233
SEK	-	-	-
DKK	-	-	-
HKD	9,496	107,540	107,540
KRW	1,989,713	153,300	153,300
Total Open Position (a)			722,100,959

Fixed Percentage (b)	0
Capital Charge for Market Risk [c=(a*b)]	36,105,048
Risk Weight (reciprocal of capital requirement of 10% in times (d))	10
Equivalent Risk Weight Exposure [e=(c*d)]	361,050,479

10. Amount of NPAs

Classification of Loan	Gross NPA	Net NPA
Restructured/Rescheduled Loan	Nil	Nil
Sub-Standard Loan	4,710,395	3,532,796
Doubtful Loan	2,519,452	1,259,726
Loss Loan	83,829,159	0

11. NPA ratios

Gross NPA to Gross Advance	0.47%
Net NPA to Net Advances	0.03%

12. Movement of Non-performing Assets

Particulars	Opening Balance	Closing Balance	Difference
Sub-standard Loan	95,109,478	4,710,395	90,399,082
Doubtful Loan	0	2,519,452	(2,519,452)
Loss Loan	144,488,858	83,829,159	60,659,699

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	189,390,913	192,237,514	1.50%
Sub-standard Loan	23,777,369	1,177,599	-95.05%
Doubtful Loan	0	1,259,726	
Loss Loan	144,488,858	83,829,159	-41.98%
Personal Guarantee	126,000	125,322	-0.54%

ii. Movement of Interest Suspense

Particulars	Opening Balance	Closing Balance	% Change
Interest Suspense	151,150,529	105,482,570	-30.21%

15. Details of additional loan loss provisions

Particulars	Opening Balance	Closing Balance	Additional Provision
Pass Loan	189,390,913	192,237,514	2,846,601
Sub-standard Loan	23,777,369	1,177,599	(22,599,771)
Doubtful Loan	0	1,259,726	1,259,726
Loss Loan	144,488,858	83,829,159	(60,659,699)
Personal Guarantee	126,000	125,322	(678)

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	2,148,573,778
Treasury Bills	1,734,429,541
Development Bond -3 years	270,000,000
Money at Call	144,144,236
Other Investments	
Available for sale	16,850,000
Nepal Clearing House Ltd.	2,500,000
Mahila Sahayatri Microfinance Dev. Bank Ltd.	14,000,000
Mero Micro Finance Bittiya Santha Limited	350,000

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

- i. Regular monitoring by Internal Audit
- ii. Strict supervision by 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