

PRIME COMMERCIAL BANK LIMITED

Disclosures under BASEL II as at 30.06.2069

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	225,058,695
Retained Earnings	267,864,161
Un-audited current year cumulative profit	89,829,065
Other Free Reserve	17,282,541
Less:Fictitious Assets	-
Total Core Capital (Tier I)	2,845,780,462

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

Supplementary Capital (Tier 2)	Amount
General loan loss provision	198,983,221
Exchange Equalisation Reserve	75,734
Investment Adjustment Reserve	280,000
Total Core Capital (Tier II)	199,338,955

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)	2,845,780,462
Core Capital (Tier 2)	199,338,955
Total qualifying capital	3,045,119,417

6. Capital Adequacy Ratio:

Capital Adequacy Ratio	Percentage
Tier 1 Capital to Total Risk Weighted Exposures	12.30%
Tier 1 & Tier 2 Capital to Total Risk Weighted Exposures	13.16%

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

Risk Weighted Exposures	Amount
Risk weighted Exposures for Credit Risk	20,761,809,570
Risk weighted Exposures for Operational Risk	1,304,031,505
Risk weighted exposures for Market Risk	421,137,144
<i>Adjustment under Pillar II</i>	
Add: 3% of the total RWE due to non compliance to Disclosure Requirement	-

(6.4 a 10)	
Add:% of the total deposit due to insufficient Liquid Assets (6.4 a)	-
Add: Supervisory Haircut (2 % of Gross Income)	198,315,705
Add: Supervisory Haircut (2 % of Gross RWE)	449,739,564
Total Risk Weighted Exposures(After Bank's adjustments of Pillar II)	23,135,033,489

8. Risk weighted exposure under each of 11 categories

Credit Risk	Claim	RWE
Claims on Govt. and Central Bank	4,844,530,972	-
Claims on Other Financial Entities	-	-
Claims on Banks	1,464,170,051	369,175,848
Claims on Corporate and Securities Firm	10,548,234,753	10,411,270,460
Claims on Regulatory Retail Portfolio	2,048,016,212	777,812,162
Claims on Secured by Residential Properties	1,147,193,378	703,403,020
Claims on Secured by Commercial Real Estate	2,448,783,683	2,448,783,683
Past due Claims	703,226,774	657,689,969
High Risk Claims	3,255,235,971	2,568,952,906
Other Assets	1,077,695,459	783,300,142
Off Balance Sheet Items	4,560,177,165	2,041,421,381
Total	32,097,264,419	20,761,809,570

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 weig ht (e)	Risk Weighted Exposures (f=d*e)
Cash Balance	904,216,988	-	-	904,216,988	0%	-
Balance with Nepal Rastra Bank	2,382,019,539	-	-	2,382,019,539	0%	-
Investment in Nepalese Government Securities	1,440,491,945	-	-	1,440,491,945	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	1,242,158,378	-	-	1,242,158,378	20%	248,431,676
Claims on Domestic banks that do not meet capital adequacy requirements	85,832,384	-	-	85,832,384	100%	85,832,384
Claims on Foreign Bank (ECA 0-1)	92,390,960	-	-	92,390,960	20%	18,478,192
Claims on Foreign Bank (ECA 2)	25,586,435	-	-	25,586,435	50%	12,793,217

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	18,201,895	-	-	18,201,895	20%	3,640,379
Claims on Domestic Corporate	10,548,234,753	-	136,964,293	10,411,270,460	100%	10,411,270,460
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)	2,048,016,212	-	1,010,933,329	1,037,082,883	75%	777,812,162
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-
Claims secured by residential properties	1,068,977,933	-	-	1,068,977,933	60%	641,386,760
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	78,215,445	16,199,185	-	62,016,260	100%	62,016,260
Claims secured by Commercial real estate	2,448,783,683	-	-	2,448,783,683	100%	2,448,783,683
Past due claims (except for claim secured by residential properties)	703,226,774	264,766,795	-	438,459,979	150%	657,689,969
High Risk claims	3,255,235,971	126,000	1,542,474,700	1,712,635,271	150%	2,568,952,906
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	16,500,000	-	-	16,500,000	150%	24,750,000
Staff loan secured by residential property	-	-	-	-	60%	-
Interest Receivable/claim on government securities	8,823,590	-	-	8,823,590	0%	-
Cash in transit and other cash items in the process of collection	185,943,417	-	-	185,943,417	20%	37,188,683
Other Assets (as per attachment)	866,428,452	145,066,993	-	721,361,458	100%	721,361,458
TOTAL	27,537,087,254	426,158,973	2,690,372,322	24,420,555,958		18,720,388,189

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 up to 6 months (domestic counterparty)	442,221,804	-	27,260,673	414,961,131	20%	82,992,226
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)	322,319,147	-	8,043,279	314,275,868	50%	157,137,934
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)	1,731,698,607	-	138,157,496	1,593,541,111	50%	796,770,555
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	1,220,669,111	-	443,097,073	777,572,037	100%	777,572,037
Financial Guarantee	42,250,000	-	-	42,250,000	100%	42,250,000

Acceptances and Endorsement	-	-	-	-	100%	-
Unpaid portion of partly paid shares and securities	6,650,000	-	-	6,650,000	100%	6,650,000
Irrevocable Credit commitments (Short term)	754,152,069	-	-	754,152,069	20%	150,830,414
Irrevocable Credit commitments (Long term)	35,476,429	-	-	35,476,429	50%	17,738,214
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	4,740,000	-	-	4,740,000	200%	9,480,000
Total	4,560,177,165	-	616,558,521	3,943,618,644		2,041,421,381
Total RWE for credit risk Before Adjustment (A)+(B)	32,097,264,419	426,158,973	3,306,930,844	28,364,174,602		20,761,809,570
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)	32,097,264,419	426,158,973	3,306,930,844	28,364,174,602	-	20,761,809,570

ii. Risk Weighted Exposure of Operational Risk

Particulars	Year 1	Year 2	Year 3
Net Interest Income	556,783,886	696,629,518	716,430,032
Commission and Discount Income	25,662,272	46,341,237	54,490,267
Other Operating Income	129,949,576	105,374,760	121,275,446
Exchange Fluctuation Income	21,772,254	15,471,028	15,116,120
Additional Interest Suspense during the period	6,670,583	11,829,373	84,266,658
Gross Income (a)	740,838,571	875,645,917	991,578,523
Alfa (b)	0	0	0
Fixed Percentage of Gross Income [c=(a*b)]	111,125,786	131,346,888	148,736,778
Capital Requirement for operational risk (d) (average of c)			130,403,151
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10
Equivalent Risk Weight Exposure[f=(d*e)]			1,304,031,505
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]			1,304,031,505

iii. Risk Weighted Exposure of Market Risk

Currency	Open Position (FCY)	Open Position (NPR)	Relevant Open Position
INR	254,927,105	407,883,368	407,883,368
USD	4,351,910	366,430,853	366,430,853
EURO	404,772	44,037,080	44,037,080
GBP	16,046	2,164,926	2,164,926
CHF	1,670	150,047	150,047
AUD	4,463	383,805	383,805
CAD	774	66,151	66,151
SGD	5,264	361,424	361,424
JPY	14,771,043	15,733,357	15,733,357
CNY	17,649	236,614	236,614
SAR	86,119	1,918,307	1,918,307
QAR	22,822	523,624	523,624
THB	10,364	28,380	28,380
AED	42,119	957,732	957,732
MYR	24,388	666,594	666,594
SEK	-	-	-
DKK	13,750	200,338	200,338
HKD	14,695	159,533	159,533
KRW	4,914,921	372,155	372,155
Total Open Position (a)			842,274,289

Fixed Percentage (b)	5%
Capital Charge for Market Risk [c=(a*b)]	42,113,714
Risk Weight (reciprocal of capital requirement of 10%) in times (d)	10
Equivalent Risk Weight Exposure [e=(c*d)]	421,137,144

10. Amount of NPAs

Classification of Loan	Gross NPA	Net NPA
Restructured/Rescheduled Loan	Nil	Nil
Sub-Standard Loan	531,465,997	398,599,498
Doubtful Loan	142,034	71,017
Loss Loan	148,028,464	0

11. NPA ratios

Gross NPA to Gross Advance	3.29%
Net NPA to Net Advances	1.97%

12. Movement of Non-performing Assets

Particulars	Opening Balance	Closing Balance	Difference
Sub-standard Loan	4,710,395	531,465,997	526,755,602
Doubtful Loan	2,519,452	142,034	(2,377,418)
Loss Loan	83,829,159	148,028,464	64,199,305

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	192,237,514	198,983,221	3.51%
Sub-standard Loan	1,177,599	132,866,499	11182.83%
Doubtful Loan	1,259,726	71,017	-94.36%
Loss Loan	83,829,159	148,028,464	76.58%
Personal Guarantee	125,322	126,000	0.54%

ii. Movement of Interest Suspense

Particulars	Opening Balance	Closing Balance	% Change
Interest Suspense	105,482,570	183,580,000	74.04%

15. Details of additional loan loss provisions

Particulars	Opening Balance	Closing Balance	Additional Provision
Pass Loan	192,237,514	198,983,221	6,745,708
Sub-standard Loan	1,177,599	132,866,499	131,688,900
Doubtful Loan	1,259,726	71,017	(1,188,709)
Loss Loan	83,829,159	148,028,464	64,199,305
Personal Guarantee	125,322	126,000	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	2,274,142,330
Treasury Bills	1,170,491,945
Development Bond -3 years	270,000,000
Money at Call	833,650,385
Other Investments	
Available for sale	16,500,000
Nepal Clearing House Ltd.	2,500,000
Mahila Sahayatri Microfinance Dev. Bank Ltd.	14,000,000

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

The board and management frequently monitor the risk management and internal control system of the bank. Credit Risk Management Department reviews the credit risk, analyzes the trends, assesses the exposure and strictly monitors the risk factors. Regular reviews are conducted by the management and reports to the board.

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