

PRIME COMMERCIAL BANK LIMITED

Disclosures under BASEL II as at 31.12.2069

Amount in NPR

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

Core Capital (Tier 1)	Amount (Rs.)
Paid up Equity Share Capital	2,340,405,276
Statutory General Reserves	225,058,695
Retained Earnings	7,825,354
Un-audited current year cumulative profit	388,004,347
Other Free Reserve	17,282,541
Less:Fictitious Assets	-
Total Core Capital (Tier I)	2,978,576,214

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

Supplementary Capital (Tier 2)	Amount
General loan loss provision	212,806,330
Exchange Equalization Reserve	75,734
Investment Adjustment Reserve	280,000
Total Core Capital (Tier II)	213,162,064

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)	2,978,576,214
Core Capital (Tier 2)	213,162,064
Total qualifying capital	3,191,738,278

6. Capital Adequacy Ratio:

Capital Adequacy Ratio	Percentage
Tier 1 Capital to Total Risk Weighted Exposures	12.05%
Tier 1 & Tier 2 Capital to Total Risk Weighted Exposures	12.91%

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

Risk Weighted Exposures	Amount
Risk weighted Exposures for Credit Risk	21,886,224,080
Risk weighted Exposures for Operational Risk	1,304,031,505
Risk weighted exposures for Market Risk	323,117,672
Adjustment under Pillar II	
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 (5 % of Gross Income)	495,789,261
Add: Supervisory Haircut (3 % of Gross RWE)	705,401,198
Total Risk Weighted Exposures(After Bank's adjustments of Pillar II)	24,714,563,716

8. Risk weighted exposure under each of 11 categories

Credit Risk	Claim	RWE
Claims on Govt. and Central Bank	4,776,296,280	-
Claims on Other Financial Entities	-	-
Claims on Banks	2,847,497,582	760,949,472
Claims on Corporate and Securities Firm	10,809,928,515	10,657,236,025
Claims on Regulatory Retail Portfolio	2,101,318,501	768,004,773
Claims on Secured by Residential Properties	1,178,659,877	718,071,600
Claims on Secured by Commercial Real Estate	2,104,440,844	2,104,440,844
Past due Claims	1,175,907,101	1,339,931,319
High Risk Claims	3,972,906,990	2,552,163,593
Other Assets	1,239,862,609	519,187,329
Off Balance Sheet Items	5,118,428,537	2,466,239,124
Total	35,325,246,836	21,886,224,080

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	1,086,595,844	-	-	1,086,595,844	0%	-
Balance with Nepal Rastra Bank	1,423,963,136	-	-	1,423,963,136	0%	-
Investment in Nepalese Government Securities	2,147,934,800	-	-	2,147,934,800	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	1,887,160,000	-	-	1,887,160,000	20%	377,432,000.00
Claims on Domestic banks that do not meet capital adequacy requirements	144,358,136	-	-	144,358,136	100%	144,358,135.95
Claims on Foreign Bank (ECA 0-1)	548,504,825	-	-	548,504,825	20%	109,700,964.91
Claims on Foreign Bank (ECA 2)	253,211,490	-	-	253,211,490	50%	126,605,745.02
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	14,263,131	-	-	14,263,131	20%	2,852,626.19

Claims on Domestic Corporate	10,809,928,515		152,692,490	10,657,236,025	100%	10,657,236,024.92
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)	2,101,318,501		1,077,312,137	1,024,006,364	75%	768,004,772.96
Claims fulfilling all criterion of regulatory retail except granularity	-		-	-	100%	-
Claims secured by residential properties	1,064,259,849		-	1,064,259,849	60%	638,555,909.10
Claims not fully secured by residential properties			-	-	150%	-
Claims secured by residential properties (Overdue)	114,400,028	34,884,337	-	79,515,691	100%	79,515,690.78
Claims secured by Commercial real estate	2,104,440,844		-	2,104,440,844	100%	2,104,440,844.08
Past due claims (except for claim secured by residential properties)	1,175,907,101	282,619,555	-	893,287,546	150%	1,339,931,319.40
High Risk claims	3,972,906,990	126,000	2,271,338,595	1,701,442,395	150%	2,552,163,592.52
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%	24,750,000.00
Staff loan secured by residential property	-		-	-	60%	-
Interest Receivable/claim on government securities	18,566,759	-	-	18,566,759	0%	-
Cash in transit and other cash items in the porcess of collection	368,336,693	-		368,336,693	20%	73,667,338.59
Other Assets (as per attachment)	836,459,157	415,689,166	-	420,769,991	100%	420,769,990.90
TOTAL	30,206,818,299	733,319,058	3,501,343,222	25,972,156,018		19,419,984,955

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)	429,023,291	-	25,140,541	403,882,750	20%	80,776,550

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)	182,304,551	-	3,648,000	178,656,551	50%	89,328,276
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)	1,906,634,495	-	171,180,778	1,735,453,717	50%	867,726,859
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	1,595,547,441	-	465,530,445	1,130,016,996	100%	1,130,016,996
Financial Guarantee	52,320,000	-	-	52,320,000	100%	52,320,000
Acceptances and Endorsement	-	-	100%	-		
Unpaid portion of partly paid shares and securities	3,500,000	-	-	3,500,000	100%	3,500,000
Irrevocable Credit commitments (Short term)	885,263,117	-	-	885,263,117	20%	177,052,623
Irrevocable Credit commitments (Long term)	41,435,641	-	-	41,435,641	50%	20,717,821
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	22,400,000	-	-	22,400,000	200%	44,800,000
Total	5,118,428,537	-	665,499,764	4,452,928,774		2,466,239,124
Total RWE for credit risk Before Adjustment (A)+(B)	35,325,246,836	733,319,058	4,166,842,986	30,425,084,792		21,886,224,080

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)	35,325,246,836	733,319,058	4,166,842,986	30,425,084,792	-	21,886,224,080
---	----------------	-------------	---------------	----------------	---	----------------

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)	15%	15%	15%
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	249,554,150	399,286,641	399,286,641
USD	(2,354,655)	(204,619,489)	204,619,489
EURO	75,564	8,577,191	8,577,191
GBP	134,716	17,961,789	17,961,789
CHF	1,972	183,407	183,407
AUD	3,431	313,123	313,123
CAD	7,694	658,895	658,895
SGD	2,886	201,847	201,847
JPY	11,716,928	10,221,876	10,221,876
CNY	8,245	115,460	115,460
SAR	60,989	1,402,060	1,402,060
QAR	18,096	428,418	428,418
THB	68,450	204,199	204,199
AED	33,445	785,014	785,014
MYR	20,675	586,483	586,483
SEK	-	-	-
DKK	18,353	279,104	279,104
HKD	35,223	394,112	394,112
KRW	212,195	16,236	16,236
Total Open Position (a)			646,235,343

Fixed Percentage (b)	5%
Capital Charge for Market Risk [c=(a*b)]	32,311,767
Risk Weight (reciprocal of capital requirement of 10%) in times (d)	10
Equivalent Risk Weight Exposure [e=(c*d)]	323,117,672

10. Amount of NPAs

Classification of Loan	Gross NPA	Net NPA
Restructured/Rescheduled Loan	Nil	Nil
Sub-Standard Loan	361,891,414	271,418,560
Doubtful Loan	103,617,725	51,808,862
Loss Loan	175,222,176	0

11. NPA ratios

Gross NPA to Gross Advance	2.92%
Net NPA to Net Advances	1.51%

12. Movement of Non-performing Assets

Particulars	Opening Balance	Closing Balance	Difference
Sub-standard Loan	115,786,647	361,891,414	246,104,767
Doubtful Loan	440,739,796	103,617,725	(337,122,071)
Loss Loan	182,547,571	175,222,176	(7,325,394)

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	202,274,196	212,806,330	5.21%
Sub-standard Loan	28,946,662	90,472,853	212.55%
Doubtful Loan	220,369,898	51,808,862	-76.49%
Loss Loan	182,547,571	175,222,176	-4.01%
Personal Guarantee	126,000	126,000	0.00%

ii. Movement of Interest Suspense

Particulars	Opening Balance	Closing Balance	% Change
Interest Suspense	201,930,329	246,884,034	22.26%

15. Details of additional loan loss provisions

Particulars	Opening Balance	Closing Balance	Additional Provision
Pass Loan	202,274,196	212,806,330	10,532,134
Sub-standard Loan	28,946,662	90,472,853	61,526,192
Doubtful Loan	220,369,898	51,808,862	(168,561,035)
Loss Loan	182,547,571	175,222,176	(7,325,394)
Personal Guarantee	126,000	126,000	-

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	3,869,668,735
Treasury Bills	1,877,934,800
Development Bond -3 years	270,000,000
Money at Call	1,479,134,928
Other Investments	242,599,007
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:

- To ensure sound capital assessment process, the board, management and audit committee and internal audit frequently monitor and review overall internal control system.
- Credit Risk Management Department reviews the credit risk, analyzes the trends, assesses the exposure and strictly monitors the risk factors.

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