

# PRIME COMMERCIAL BANK LIMITED

Disclosures under BASEL II as at 31.03.2072

Amount in NPR

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

<b>Core Capital (Tier 1)</b>	<b>Amount (Rs.)</b>
Paid up Equity Share Capital	3,140,052,767
Statutory General Reserves	431,261,370
Proposed Bonus Equity Shares	-
Share Premium	-
Retained Earnings	802,230,290
Un-audited current year cumulative profit	220,598,010
Deferred Tax Reserve	-
Less:Fictitious Assets	-
<b>Total Core Capital (Tier I)</b>	<b>4,594,142,438</b>

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

<b>Supplementary Capital (Tier 2)</b>	<b>Amount</b>
General loan loss provision	330,842,111
Exchange Equalization Reserve	75,734
Investment Adjustment Reserve	15,406,000
<b>Total Core Capital (Tier II)</b>	<b>346,323,846</b>

## 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:

<b>Total Qualifying Capital</b>	<b>Amount</b>
Core Capital (Tier 1)	4,594,142,438
Supplementary Capital (Tier 2)	346,323,846
<b>Total qualifying capital</b>	<b>4,940,466,283</b>

## 6. Capital Adequacy Ratio:

<b>Capital Adequacy Ratio</b>	<b>Percentage</b>
Tier 1 Capital to Total Risk Weighted Exposures	11.48%
Tier 1 & Tier 2 Capital to Total Risk Weighted Exposures	12.35%

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

<b>Risk Weighted Exposures</b>	<b>Amount</b>
Risk weighted Exposures for Credit Risk	35,249,552,514
Risk weighted Exposures for Operational Risk	2,317,387,529
Risk weighted exposures for Market Risk	44,739,667

<b>Total Risk Weighted Exposures (Before adjustments of Pillar II)</b>	<b>37,611,679,711</b>
<b><u>Adjustment under Pillar II</u></b>	
ALM policies & practices are not satisfactory, add 1% of net interest income to RWE	-
Add ....% of the total deposit due to insufficient Liquid Assets	-
Add RWE equivalent to reciprocal of capital charge of 5 % of gross income.	894,200,000
Overall risk management policies and procedures are not satisfactory. Add 3% of RWE	1,504,467,188
If desired level of disclosure requirement has not been achieved, Add.....% of RWE	-
<b>Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)</b>	<b>40,010,346,899</b>

**8. Risk weighted exposure under each of 11 categories**

<b>Credit Risk</b>	<b>Claim</b>	<b>RWE</b>
<b>Claims on Govt. and Central Bank</b>	11,465,751,586	-
<b>Claims on Other Financial Entities</b>	-	-
<b>Claims on Banks</b>	2,867,374,228	721,345,466
<b>Claims on Corporate and Securities Firm</b>	16,808,769,776	16,523,518,319
<b>Claims on Regulatory Retail Portfolio</b>	3,986,241,464	1,883,953,343
<b>Claims on Secured by Residential Properties</b>	2,364,433,122	1,433,893,883
<b>Claims on Secured by Commercial Real Estate</b>	2,596,351,927	2,596,351,927
<b>Past due Claims</b>	944,552,960	708,292,753
<b>High Risk Claims</b>	5,538,841,600	5,395,794,953
<b>Other Assets</b>	1,408,007,712	724,927,193
<b>Off Balance Sheet Items</b>	12,255,326,072	5,261,474,678
<b>Total</b>	<b>60,235,650,447</b>	<b>35,249,552,514</b>

## 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	1,222,354,126	-	-	1,222,354,126	0%	-
Balance with Nepal Rastra Bank	3,782,464,018	-	-	3,782,464,018	0%	-
Gold	77,269,434	77,269,434	-	-	0%	-
Investment in Nepalese Government Securities	6,265,861,508	-	-	6,265,861,508	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	1,799,715,715	-	-	1,799,715,715	20%	359,943,143
Claims on Domestic banks that do not meet capital adequacy requirements	48,224,484	48,224,484	-	-	100%	-
Claims on Foreign Bank (ECA 0-1)	479,588,558	-	-	479,588,558	20%	95,917,712
Claims on Foreign Bank (ECA 2)	525,051,725	-	-	525,051,725	50%	262,525,862
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	14,793,746	-	-	14,793,746	20%	2,958,749
Claims on Domestic Corporate	16,808,769,776	-	285,251,458	16,523,518,319	100%	16,523,518,319
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)	3,986,241,464	-	1,474,303,673	2,511,937,791	75%	1,883,953,343
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-
Claims secured by residential properties	2,246,386,697	-	-	2,246,386,697	60%	1,347,832,018
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	118,046,425	31,984,560	-	86,061,865	100%	86,061,865
Claims secured by Commercial real estate	2,596,351,927	-	-	2,596,351,927	100%	2,596,351,927
Past due claims (except for claim secured by residential properties)	944,552,960	472,357,792	-	472,195,168	150%	708,292,753
High Risk claims	5,538,841,600	457,800	1,941,187,165	3,597,196,635	150%	5,395,794,953

Investments in equity & other capital instruments of institutions listed in the stock exchange	56,346,960	-	-	56,346,960	100%	56,346,960
Investments in equity & other capital instruments of institutions not listed in the stock exchange	30,500,000	-	-	30,500,000	150%	45,750,000
Staff loan secured by residential property	20,937,407	-	-	20,937,407	60%	12,562,444
Interest Receivable/claim on government securities	24,051,376	-	-	24,051,376	0%	-
Cash in transit and other cash items in the process of collection	-	-	-	-	20%	-
Other Assets (as per attachment)	1,276,171,969	665,904,180	-	610,267,789	100%	610,267,789
<b>TOTAL</b>	<b>47,980,324,375</b>	<b>1,296,198,250</b>	<b>3,700,742,296</b>	<b>42,983,383,829</b>		<b>29,988,077,836</b>

<b>B. Off-Balance Sheet Exposures</b>	<b>Book Value (a)</b>	<b>Specific provisions (b)</b>	<b>Eligible CRM (c)</b>	<b>Net Value (d=a-b-c)</b>	<b>Risk weight (e)</b>	<b>Risk Weighted Exposures (f=d*e)</b>
Revocable Commitments	-	-	-	-	0%	-
Bills under Collection	-	-	-	-	0%	-
Forward exchange contract liabilities	1,298,750,000	-	-	1,298,750,000	10%	129,875,000
LC Commitments with Original Maturity upto 6 months (domestic counterparty)	1,565,794,911	-	66,538,151	1,499,256,760	20%	299,851,352
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)	437,206,657	-	17,433,360	419,773,297	50%	209,886,648
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)	3,766,498,287	-	285,212,360	3,481,285,927	50%	1,740,642,963
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	2,195,097,769	-	215,724,231	1,979,373,538	100%	1,979,373,538
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsement	-	-	-	-	100%	-
Unpaid portion of partly paid shares and securities	-	-	-	-	100%	-
Irrevocable Credit commitments (Short term)	2,129,360,661	-	-	2,129,360,661	20%	425,872,132
Irrevocable Credit commitments (Long term)	832,841,687	-	-	832,841,687	50%	416,420,843
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	29,776,100	-	-	29,776,100	200%	59,552,200
Total	<b>12,255,326,072</b>	<b>-</b>	<b>584,908,102</b>	<b>11,670,417,970</b>		<b>5,261,474,678</b>
Total RWE for credit risk Before Adjustment (A)+(B)	<b>60,235,650,447</b>	<b>1,296,198,250</b>	<b>4,285,650,397</b>	<b>54,653,801,799</b>		<b>35,249,552,514</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)						-
Total RWE for credit risk ( After Bank's Adjustment of Pillar II)	<b>60,235,650,447</b>	<b>1,296,198,250</b>	<b>4,285,650,397</b>	<b>54,653,801,799</b>		<b>35,249,552,514</b>

ii. Risk Weighted Exposure of Operational Risk

Particulars	Year 1	Year 2	Year 3
Net Interest Income	1,041,947,200	1,059,965,806	1,397,021,000
Commission and Discount Income	80,114,640	71,049,554	147,394,000
Other Operating Income	140,434,030	241,470,396	214,376,000
Exchange Fluctuation Income	(5,784,150)	36,164,535	74,163,000
Additional Interest Suspense during the period	135,821,772	45,289,550	(44,652,275)
Gross Income (a)	1,392,533,492	1,453,939,841	1,788,301,725
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a*b)]	208,880,024	218,090,976	268,245,259
Capital Requirement for operational risk (d) (average of c)			231,738,753
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10
Equivalent Risk Weight Exposure[f=(d*e)]			2,317,387,529
<b>PILLAR II ADJUSTMENT</b>			
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]			-
<b>Equivalent Risk Weight Exposure [h=f+g]</b>			<b>2,317,387,529</b>

iii. Risk Weighted Exposure of Market Risk

Currency	Open Position (FCY)	Exchange Rate	Open Position (NPR)	Relevant Open Position
INR	41,959,689	1.60	67,135,503	67,135,503
USD	(60,652)	103.60	(6,283,531)	6,283,531
GBP	18,795	160.27	3,012,328	3,012,328
EUR	5,183	117.79	610,485	610,485
THB	8,688	2.93	25,490	25,490
CHF	241	108.72	26,161	26,161
AUD	5,156	75.47	389,149	389,149
CAD	732	80.39	58,845	58,845
SGD	1,501	74.96	112,537	112,537
JPY	7,184,451	0.87	6,250,496	6,250,496
HKD	6,761	13.37	90,381	90,381
DKK	-	15.79	-	-
SEK	-	12.58	-	-
SAR	115,331	27.63	3,186,878	3,186,878
QAR	21,791	28.46	620,180	620,180
AED	18,241	28.21	514,595	514,595
MYR	39,114	24.83	971,066	971,066
KRW	35,078	0.09	3,220	3,220
CNY	11,540	16.31	188,213	188,213
KWD	-	343.50	-	-
BHD	1	274.79	275	275
<b>Total Open Position (a)</b>			<b>76,912,273</b>	<b>89,479,335</b>
<b>Fixed Percentage (b)</b>				<b>5%</b>
<b>Capital Charge for Market Risk [c=(a*b)]</b>				<b>4,473,967</b>
<b>Risk Weight (reciprocal of capital requirement of 10%) in times (d)</b>				<b>10</b>
<b>Equivalent Risk Weight Exposure [e=(c*d)]</b>				<b>44,739,667</b>

## 10. Amount of NPAs

Classification of Loan	Gross NPA	Net NPA
Restructured/Rescheduled Loan	Nil	Nil
Sub-Standard Loan	10,900,399	8,175,299
Doubtful Loan	135,500,000	67,750,000
Loss Loan	433,867,252	0

## 11. NPA ratios

Gross NPA to Gross Advance	1.72%
Net NPA to Net Advances	0.23%

## 12. Movement of Non-performing Assets

Particulars	Opening Balance	Closing Balance	Difference
Sub-standard Loan	72,985,121	10,900,399	(62,084,723)
Doubtful Loan	178,902,681	135,500,000	(43,402,681)
Loss Loan	333,140,078	433,867,252	100,727,175

## 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	329,075,029	330,842,111	0.54%
Sub-standard Loan	18,246,280	2,725,100	-85.06%
Doubtful Loan	89,451,341	67,750,000	-24.26%
Loss Loan	333,140,078	433,867,252	30.24%
Personal Guarantee	457,745	457,800	0.01%

### ii. Movement of Interest Suspense

Particulars	Opening Balance	Closing Balance	% Change
Interest Suspense	238,789,549	303,494,198	27.10%

## 15. Details of additional loan loss provisions

Particulars	Opening Balance	Closing Balance	Additional Provision
Pass Loan	329,075,029	330,842,111	1,767,082
Sub-standard Loan	18,246,280	2,725,100	(15,521,181)
Doubtful Loan	89,451,341	67,750,000	(21,701,341)
Loss Loan	333,140,078	433,867,252	100,727,175
Personal Guarantee	457,745	457,800	55

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

<b>Investment Portfolio</b>	<b>Amount (Rs.)</b>
Held for Trading	-
<b>Held to Maturity</b>	<b>5,704,449,102</b>
Treasury Bills	4,330,171,203
Development Bond	584,150,000
Money at Call	48,224,484
Other Investments	758,948,016
<b>Available for sale</b>	<b>86,846,960</b>
Nepal Clearing House Ltd.	2,500,000
Mahila Sahayatri Microfinance Dev. Bank Ltd.	14,000,000
Mero Microfinance Bittiya Sanstha Ltd	14,000,000
NMB Sulav Fund -1	15,659,980
NIBL Samriddhi Fund - 1	27,822,550
Laxmi Mutual Fund -1	12,864,430

**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, audit committee, internal audit and compliance frequently monitor and review quality and effectiveness of the control and mitigate risk to protect the assets of the bank regularly.
- The bank has established sound credit appraisal system and formation of committees with at least 3 members in various levels of approval of final credit disbursement. Regular site visits, analysis of market trend, value of collaterals and adjustments in its policy accordingly, will minimize credit risks.
- The bank has set up Assets Liability Management Committee chaired by CEO to manage the market risks. The bank periodically performs gap analysis of its Assets and Liabilities to manage the liquidity risks.

**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