

PRIME COMMERCIAL BANK LIMITED

Disclosures under BASEL III as at 2074.12.30

Amount in NPR

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

Core Capital (Tier 1)	Amount (Rs.)
Paid up Equity Share Capital	8,033,298,870
Statutory General Reserves	1,245,144,080
Proposed Bonus Equity Shares	-
Share Premium	-
Retained Earnings	81,860,655
Un-audited current year cumulative profit	1,252,172,553
Capital Redemption Reserve	-
Other Free Reserve	45,526,308
Less: Intangible Assets	5,195,436
Less: Deferred Tax Assets	57,374,746
Less: Investment in equity in licensed Financial Institutions	28,000,000
Total Core Capital (Tier I)	10,567,432,285

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

Supplementary Capital (Tier 2)	Amount
General loan loss provision	706,387,500.44
Exchange Equalization Reserve	75,734.05
Investment Adjustment Reserve	14,396,178.59
Total Core Capital (Tier II)	720,859,413

3. Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, amount raised during the year and amount eligible to be reckoned as capital funds:

Nil

4. Deductions from Capital:

The bank has deducted to the following items in calculation of Tier I Capital:

Deduction from Tier I Capital	Amount
Intangible Assets	5,195,435.54
Deferred Tax Assets	57,374,745.51
Investment in equity in licensed Financial Institutions	28,000,000.00
Total Deduction from Tier I Capital	90,570,181.05

5. Total Qualifying Capital:

Total Qualifying Capital	Amount
Core Capital (Tier 1)	10,567,432,285
Supplementary Capital (Tier 2)	720,859,413
Total qualifying capital	11,288,291,698

6. Capital Adequacy Ratio:

Capital Adequacy Ratio	Percentage
Tier 1 Capital to Total Risk Weighted Exposures	11.71%
Tier 1 & Tier 2 Capital to Total Risk Weighted Exposures	12.51%

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

Risk Weighted Exposures	Amount
Risk weighted Exposures for Credit Risk	83,128,415,639
Risk weighted Exposures for Operational Risk	3,367,482,488
Risk weighted exposures for Market Risk	37,531,901
Total Risk Weighted Exposures (Before adjustments of Pillar II)	86,533,430,028
<i>Adjustment under Pillar II</i>	
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 4 % of gross income.	1,126,000,000
Overall risk management policies and procedures are not satisfactory. Add 3% of RWE	2,596,002,901
If desired level of disclosure requirement has not been achieved, Add.....% of RWE	-
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	90,255,432,929

8. Risk weighted exposure under each of 11 categories

Credit Risk	Claim	RWE
Claims on Govt. and Central Bank	13,862,931,882	-
Claims on Other Financial Entities	-	-
Claims on Banks	7,089,367,698	2,200,896,369
Claims on Corporate and Securities Firm	34,344,887,030	34,099,602,306
Claims on Regulatory Retail Portfolio	11,309,305,021	6,535,246,985
Claims on Secured by Residential Properties	5,432,663,910	3,276,615,950
Claims on Secured by Commercial Real Estate	5,708,851,019	5,708,851,019
Past due Claims	1,196,167,204	1,177,004,398
High Risk Claims	6,691,501,072	6,317,556,052
Other Assets	3,037,941,320	1,563,983,888
Off Balance Sheet Items	42,136,858,181	22,248,658,671
Total	130,810,474,338	83,128,415,639

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	2,007,864,276	-	-	2,007,864,276	0%	-
Balance with Nepal Rastra Bank	4,553,107,066	-	-	4,553,107,066	0%	-
Gold	(0)	(0)	-	-	0%	-
Investment in Nepalese Government Securities	7,161,041,550	-	-	7,161,041,550	0%	-
All claims on Government of Nepal	140,918,990	-	-	140,918,990	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	3,415,801,290	-	-	3,415,801,290	20%	683,160,258
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)	970,114,610	-	-	970,114,610	20%	194,022,922
Claims on Foreign Bank (ECA 2)	2,642,225,754	-	-	2,642,225,754	50%	1,321,112,877
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	13,001,560	-	-	13,001,560	20%	2,600,312
Claims on Domestic Corporate	34,344,887,030	-	245,284,724	34,099,602,306	100%	34,099,602,306
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)	11,309,305,021	-	2,595,642,374	8,713,662,647	75%	6,535,246,985
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	100%	-
Claims secured by residential properties	5,360,626,259	-	-	5,360,626,259	60%	3,216,375,755
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	72,037,651	11,797,457	-	60,240,195	100%	60,240,195
Claims secured by Commercial real estate	5,708,851,019	-	-	5,708,851,019	100%	5,708,851,019
Past due claims (except for claim secured by residential properties)	1,196,167,204	411,497,606	-	784,669,599	150%	1,177,004,398
High Risk claims	6,691,501,072	-	2,479,797,038	4,211,704,035	150%	6,317,556,052
Investments in equity & other capital instruments of institutions listed in the stock exchange	644,808,929	-	-	644,808,929	100%	644,808,929

Investments in equity & other capital instruments of institutions not listed in the stock exchange	19,100,000	17,600,000	-	1,500,000	150%	2,250,000
Staff loan secured by residential property	77,495,514	-	-	77,495,514	60%	46,497,308
Interest Receivable/claim on government securities	93,313,800	93,313,800	-	-	0%	-
Cash in transit and other cash items in the process of collection	184,789,890	-	-	184,789,890	20%	36,957,978
Other Assets (as per attachment)	2,018,433,186	1,184,963,514	-	833,469,672	100%	833,469,672
TOTAL	88,673,616,157	1,767,396,861	5,320,724,135	81,585,495,161		60,879,756,968

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	3,208,667,177	-	-	3,208,667,177	10%	320,866,718
LC Commitments with Original Maturity upto 6 months (domestic counterparty)	5,495,797,903	-	325,581,659	5,170,216,244	20%	1,034,043,249
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)	3,901,006,553	-	101,968,888	3,799,037,665	50%	1,899,518,832
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)	15,026,062,430	-	762,643,574	14,263,418,856	50%	7,131,709,428
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	10,050,345,341	-	102,612,194	9,947,733,146	100%	9,947,733,146
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsement	61,766,514	-	-	61,766,514	100%	61,766,514
Unpaid portion of partly paid shares and securities	-	-	-	-	100%	-
Irrevocable Credit commitments (Short term)	3,108,379,476	-	-	3,108,379,476	20%	621,675,895
Irrevocable Credit commitments (Long term)	862,714,114	-	-	862,714,114	50%	431,357,057
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective capital requirement	-	-	-	-	20%	-
Other Contingent Liabilities	44,249,514	-	-	44,249,514	100%	44,249,514
Unpaid Guarantee Claims	377,869,159	-	-	377,869,159	200%	755,738,318
Total	42,136,858,181	-	1,292,806,316	40,844,051,865		22,248,658,671
Total RWE for credit risk Before Adjustment (A)+(B)	130,810,474,338	1,767,396,861	6,613,530,451	122,429,547,026		83,128,415,639
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)	130,810,474,338	1,767,396,861	6,613,530,451	122,429,547,026		83,128,415,639

ii. Risk Weighted Exposure of Operational Risk

Particulars	Year 1	Year 2	Year 3
Net Interest Income	1,387,782,918.00	1,588,461,085.00	1,904,341,192.89
Commission and Discount Income	103,923,820.00	150,562,047.00	362,216,883.41
Other Operating Income	256,920,387.00	331,044,044.00	419,802,479.97
Exchange Fluctuation Income	74,147,855.00	100,813,834.00	122,512,090.85
Additional Interest Suspense during the period	(35,413,977.00)	(38,285,872.00)	6,136,187.00
Gross Income (a)	1,787,361,003	2,132,595,138	2,815,008,834
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a*b)]	268,104,150	319,889,271	422,251,325
Capital Requirement for operational risk (d) (average of c)			336,748,249
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			10
Equivalent Risk Weight Exposure[f=(d*e)]			3,367,482,488
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			10
Equivalent Risk Weight Exposure[g]			-
Equivalent Risk Weight Exposure [h=f+g]			3,367,482,488

iii. Risk Weighted Exposure of Market Risk

Currency	Open Position (FCY)	Exchange Rate	Open Position (NPR)	Relevant Open Position
INR	(22,967,069)	1.60	(36,747,310)	36,747,310
USD	(145,877)	104.15	(15,193,119)	15,193,119
GBP	41,737	147.72	6,165,364	6,165,364
EUR	72,078	127.86	9,215,860	9,215,860
THB	27,674	3.33	92,155	92,155
CHF	302	107.64	32,465	32,465
AUD	5,907	80.38	474,766	474,766
CAD	7,164	82.42	590,471	590,471
SGD	2,382	79.09	188,400	188,400
JPY	(3,654,950)	0.97	(3,529,585)	3,529,585
HKD	1,926	13.26	25,536	25,536
DKK	15,883	17.16	272,550	272,550
SEK	-	12.33	-	-
SAR	42,388	27.55	1,167,799	1,167,799
QAR	14,991	28.38	425,436	425,436
AED	10,334	28.13	290,705	290,705
MYR	10,412	26.65	277,480	277,480
KRW	-	0.10	-	-
CNY	20,416	16.52	337,273	337,273
KWD	65	344.18	22,357	22,357
BHD	55	274.03	15,174	15,174
Total Open Position (a)			(35,876,226)	75,063,803
Fixed Percentage (b)			-	5%
Capital Charge for Market Risk [c=(a*b)]				3,753,190
Risk Weight (reciprocal of capital requirement of 10%) in times (d)				10
Equivalent Risk Weight Exposure [e=(c*d)]				37,531,901

10. Amount of NPAs

Classification of Loan	Gross NPA	Net NPA
Restructured/Rescheduled Loan	Nil	Nil
Sub-Standard Loan	290,846,838.37	218,135,128.78
Doubtful Loan	147,216,519.86	73,608,259.93
Loss Loan	275,834,816.61	-

11. NPA ratios

Gross NPA to Gross Advance	1.06%
Net NPA to Net Advances	0.44%

12. Movement of Non-performing Assets

Particulars	Opening Balance	Closing Balance	Difference
Sub-standard Loan	323,359,942	290,846,838	(32,513,104)
Doubtful Loan	328,657,144	147,216,520	(181,440,624)
Loss Loan	260,622,495	275,834,817	15,212,322

13. Write off of loans and interest suspense

Particulars	Opening Balance	Closing Balance	Difference
Loan and Interest Suspense write-off	-	-	-

14. Movements in loan loss provisions and Interest suspense

i. Movement of Loan Loss Provision

Particulars	Opening Balance	Closing Balance	% Change
Pass Loan	619,412,973	660,227,963	6.59%
Watch list	45,929,250	46,159,537	0.50%
Sub-standard Loan	80,689,986	72,711,710	-9.89%
Doubtful Loan	164,328,572	73,608,260	-55.21%
Loss Loan	256,622,495	275,834,817	7.49%
Personal Guarantee	4,270,000	1,140,276	-73.30%

ii. Movement of Interest Suspense

Particulars	Opening Balance	Closing Balance	% Change
Interest Suspense	342,150,723.63	357,611,291.43	4.52%

15. Details of additional loan loss provisions

Particulars	Opening Balance	Closing Balance	Additional Provision
Pass Loan	619,412,973.00	660,227,963	40,814,989.9
Watch List	45,929,250.00	46,159,537	230,287.5
Sub-standard Loan	80,689,986.00	72,711,710	(7,978,276.4)
Doubtful Loan	164,328,572.00	73,608,260	(90,720,312.1)
Loss Loan	256,622,495.00	275,834,817	19,212,321.6
Personal Guarantee	4,270,000.00	1,140,276	(3,129,723.6)

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

Investment Portfolio	Amount (Rs.)
Held for Trading	-
Held to Maturity	10,141,913,907
Treasury Bills	782,441,550
Development Bond	6,378,600,000
Money at Call	48,224,484
Other Investments	2,932,647,873
Available for sale	663,908,929.30
Global IME Sammunnat Scheme -1	37,978,705.67
Laxmi Equity Fund	58,495,870.00
Mahila Sahayatra Micro Finance Bittiya Sanstha Ltd.	14,000,000.00
Mero Micro Finance Bittiya Santha Ltd.	14,000,000.00
Nabil Equity Fund	11,265,040.00
NECO Insurance Company Ltd.	170,758,829.02
Nepal Clearing House Ltd.	2,600,000.00
Nepal Doorsanchar Co. Ltd. (NTC)	185,344,484.77
NEPS Ltd.	15,000,000.00
Nerude Laghubitta Sanstha Ltd. - Ordinary	1,993,000.00
Nerude Laghubitta Sanstha Ltd. - Promoter	14,025,200.00
Ngadi Group Power Ltd.	57,900.00
NIBL Pragati Fund	10,299,322.45
NLG Insurance Company Ltd.	113,954,449.37
NMB Hybrid Fund	12,636,128.02
Prabhu Capital Ltd	1,500,000.00

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

- Overall risk of the bank is monitored by risk management committee and Audit Committee where the board members are involved.
- 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 interest rate risk, liquidity risk, exchange risk, market risk etc. The bank periodically performs gap analysis of its Assets and Liabilities to manage the liquidity risks.

Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments

Nil