

Prabhu Bank Ltd.
Disclosure under Basel II
As at 14 January 2016

1 Capital Structure and Capital Adequacy:

1.1 Tier I Capital and Breakdown of its Components:

SN	Particular	Amount (NPR)
a	Paid Up Equity Share Capital	3,208,885,224
b	Share Premium	3,408,411
c	Statutory General Reserves	255,840,838
d	Retained Earnings	144,247,672
e	Unaudited current year cumulative profit	405,643,772
f	Deferred Tax Reserve	96,755,559
	Sub-total	4,114,781,475
g	Less: Fictitious Assets	792,380
h	Less: Deferred Tax Assets	305,470,159
	Total Tier I Capital	3,808,518,937

1.2 Tier II Capital and Breakdown of its Components:

SN	Particular	Amount (NPR)
a	General loan loss provision	302,637,821
b	Investment Adjustment Reserve	2,552,041
c	Exchange Equalisation Reserve	638,532
	Total Tier II Capital	305,828,394

1.3 The bank has not issued any Subordinated Term Debt instrument.

1.4 Deduction from Tier I

SN	Particular	Amount (NPR)
a	Fictitious Assets	792,380
b	Deferred Tax Assets	305,470,159
	Total	306,262,539

1.5 Qualifying Capital

SN	Particular	Amount (NPR)
a	Core Capital (Tier I)	3,808,518,937
b	Supplementary Capital (Tier II)	305,828,394
	Total Capital Fund (Tier I and Tier II)	4,114,347,330

2 Risk Exposures:

2.1 Risk weighted exposures under each 11 categories of Credit Risk:

SN	Particular	Amount (NPR)
a	Claims on government and central bank	-
b	Claims on other official entities	-
c	Claims on banks	1,175,393,462
d	Claims on corporate and securities firms	14,695,312,571
e	Claims on regulatory retail Portfolio	3,717,031,395
f	Claims secured by residential properties	2,848,299,733
g	Claims secured by commercial real estate	1,170,893,003
h	Past due claims	2,072,170,640
i	High risk claims	3,626,860,280
j	Other Assets	4,059,431,089
k	Off Balance - sheet items	1,484,025,242
	Total Risk Weighted Exposures	34,849,417,414

2.2 Risk weighted exposures for Credit Risk, Market Risk and Operational Risk:

SN	Particular	Amount (NPR)
a	Risk Weighted Exposure for Credit Risk	34,849,417,414
b	Risk Weighted Exposure for Operational Risk	2,861,189,525
c	Risk Weighted Exposure for Market Risk	98,899,664
	<u>Adjustments under Pillar-II</u>	
	Add: 3% of the total RWE due to non compliance to Disclosure Requirement(6.4a 10)	-
	Add:1% of the total deposit due to in sufficient Liquid Assets(6.4a 6)	-
	Add: 3% of Overall Risk Weighted Exposure as per Supervisory Adjustment	1,134,285,198
	Total Risk Weighted Exposures	38,943,791,801

2.3 Capital Adequacy Calculation Table:

SN	Particular	Amount (NPR)
	Total Core Capital to Total Risk Weighted Exposure	9.78%
	Total Capital Fund to Total Risk Weighted Exposure	10.56%

3 Non Performing Assets

3.1 Statement of Non Performing Assets (Gross and Net)

SN	Particular	Amount (NPR)	Provision	Net NPA
a	Restructured	-	-	-
b	Sub-standard	164,120,314	41,114,677	123,005,637
c	Doubtful	386,551,331	193,335,666	193,215,666
d	Loss	1,208,916,039	1,208,916,039	-

	Total	1,759,587,684	1,443,366,382	316,221,303
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3.2 Non Performing Assets Ratios

SN	Particular	Amount (NPR)
a	Gross NPA to Gross Loan & Advances	5.53%
b	Net NPA to Net Advances	1.05%

3.3 Movement of Non Performing Assets

SN	Particular	This Quarter	Previous Quarter	Movement
a	Restructured	-	-	-
b	Sub-standard	164,120,314	200,800,431	(36,680,117)
c	Doubtful	386,551,331	349,688,598	36,862,733
d	Loss	1,208,916,039	1,352,730,025	(143,813,986)
	Total	1,759,587,684	1,903,219,054	(143,631,370)
	Non Performing Assets (%)	5.53%	5.71%	0.18%

4 Write off of Loans and Interest in the quarter

SN	Particular	Amount (NPR)
a	Write off Loans during the Year	-
b	Write off Interest during the Year	-

5 Movement of Loan Loss Provision and Interest Suspense

SN	Particular	This Quarter	Previous Quarter	Movement
a	Loan Loss Provision	1,753,499,765	1,711,906,727	41,593,038
b	Interest Suspense	583,998,985	592,367,026	(8,368,041)

6 Segregation of Investment Portfolio

SN	Particular	Amount (NPR)
a	Held for Trading	-
b	Held to Maturity	8,607,268,740
c	Available for Sale	303,945,685
	Total Investment	8,911,214,425

7 Summary of the bank's internal approach to assess the adequacy of its capital

The bank has system in place for monitoring and managing the risks undertaken by the bank, assess the capital adequacy and formulating capital as required in order to support its business growth. For risk diversification of its asset base, the bank is following the strategic focus of mapping business and gradually reducing high risk assets and increasing low risk exposure.