

**Prabhu Bank Ltd.**  
**Disclosure under Basel II**  
**15th July 2016**

**1 Capital Structure and Capital Adequacy:**

**1.1 Tier I Capital and Breakdown of its Components:**

<b>SN</b>	<b>Particular</b>	<b>Amount (NPR)</b>
a	Paid Up Equity Share Capital	5,881,402,224
b	Share Premium	98,728,199
c	Statutory General Reserves	634,691,591
d	Retained Earnings	(2,491,918,197)
e	Unaudited current year cumulative profit	1,147,839,525
f	Other Reserves	857,414,257
	<b>Sub-total</b>	<b>6,128,157,598</b>
g	Less: Fictitious Assets	-
h	Less: Deferred Tax Assets	-
	<b>Total Tier I Capital</b>	<b>6,128,157,598</b>

**1.2 Tier II Capital and Breakdown of its Components:**

<b>SN</b>	<b>Particular</b>	<b>Amount (NPR)</b>
a	General loan loss provision	534,097,278
b	Investment Adjustment Reserve	116,076,615
c	Exchange Equalisation Reserve	3,491,151
	<b>Total Tier II Capital</b>	<b>653,665,044</b>

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

**1.4 Deduction from Tier I**

<b>SN</b>	<b>Particular</b>	<b>Amount (NPR)</b>
a	Fictitious Assets	-
b	Deferred Tax Assets	-
	<b>Total</b>	<b>-</b>

**1.5 Qualifying Capital**

<b>SN</b>	<b>Particular</b>	<b>Amount (NPR)</b>
a	Core Capital (Tier I)	6,128,157,598
b	Supplementary Capital (Tier II)	653,665,044
	<b>Total Capital Fund (Tier I and Tier II)</b>	<b>6,781,822,643</b>

## 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	1,472,084,709
d	Claims on corporate and securities firms	22,566,900,305
e	Claims on regulatory retail Portfolio	4,309,342,499
f	Claims secured by residential properties	3,687,531,028
g	Claims secured by commercial real estate	1,985,987,838
h	Past due claims	3,403,495,167
i	High risk claims	6,647,810,252
j	Other Assets	3,542,314,084
k	Off Balance - sheet items	3,710,273,207
	<b>Total Risk Weighted Exposures</b>	<b>51,325,739,088</b>

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

SN	Particular	Amount (NPR)
a	Risk Weighted Exposure for Credit Risk	51,325,739,088
b	Risk Weighted Exposure for Operational Risk	2,861,189,525
c	Risk Weighted Exposure for Market Risk	104,073,378
	<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	1,628,730,060
	<b>Total Risk Weighted Exposures</b>	<b>55,919,732,051</b>

### 2.3 Capital Adequacy Calculation Table:

SN	Particular	Amount (NPR)
	Total Core Capital to Total Risk Weighted Exposure	10.96%
	Total Capital Fund to Total Risk Weighted Exposure	12.13%

## 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	357,607,085	89,429,602	268,177,484
c	Doubtful	417,643,745	209,596,398	208,047,347
d	Loss	3,267,014,929	3,267,014,929	-
	<b>Total</b>	<b>4,042,265,760</b>	<b>3,566,040,929</b>	<b>476,224,831</b>

### 3.2 Non Performing Assets Ratios

SN	Particular	Amount (NPR)
a	Gross NPA to Gross Loan & Advances	8.38%
b	Net NPA to Net Advances	1.08%

### 3.3 Movement of Non Performing Assets

SN	Particular	This Quarter	Previous Quarter	Movement
a	Restructured	-	-	-
b	Sub-standard	357,607,085	225,973,121	131,633,964
c	Doubtful	417,643,745	366,533,417	51,110,329
d	Loss	3,267,014,929	3,861,642,619	(594,627,690)
	<b>Total</b>	<b>4,042,265,760</b>	<b>4,454,149,157</b>	<b>(411,883,398)</b>
	<b>Non Performing Assets (%)</b>	<b>8.38%</b>	<b>10.04%</b>	<b>-1.66%</b>

### 4 Write off of Loans and Interest in the quarter

SN	Particular	Amount (NPR)
a	Write off Loans during the Year	39,362,193
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	4,547,064,391	4,547,064,391	-
b	Interest Suspense	1,980,806,663	1,980,806,663	-

### 6 Segregation of Investment Portfolio

SN	Particular	Amount (NPR)
a	Held for Trading	-
b	Held to Maturity	5,302,352,780
c	Available for Sale	358,225,265
	<b>Total Investment</b>	<b>5,660,578,045</b>

### 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.